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NEWS SUMMARY

GENERAL

Warning from Bonn over EEC rebate

West German Farm Minister Josef Ertl hinted in Bonn yesterday that the Common Market budget accord with Britain might be damaged if there is no speedy agreement on a fisheries policy.

He said while he did not wish to over-dramatise, a condition of the compromise was that there should be a fisheries policy agreed by the end of 1980.

The policy was now six weeks overdue, and he was awaiting final agreement at the meeting with his EEC colleagues next week. Back Page. Walker gloomy after talks with French, Page 33

Britons killed

A British missionary couple who were killed by two raiders on Tuesday night at their home in Zimbabwe were named as Donald and Ann Lale, formerly from Watford. The black killers told mission staff they were taking revenge for South Africa's raid in Mozambique last week.

Captives wait

Ayatollah Beheshti, head of Iran's Supreme Court, promised a decision in days on the fate of the four Britons held since last August.

Siege verdicts

Verdicts of justifiable homicide were returned at Westminster Coroner's Court on the five terrorists who died when SAS men stormed the Iranian Embassy ...

Thatcher clash

A row over rising unemployment erupted between the Prime Minister and TUC leader Len Murray at a meeting of the National Economic Development Council. Back Page, Industrial challenge for Thatcher, Page 8

Edwardes 'threat'

Tory backbenchers claimed in the Commons that a resignation threat from BL chairman Sir Michael Edwardes pressurised the Cabinet into providing £990m for the company. Parliament, Page 12

Hunger strike

IRA men at Ulster's Maze prison, and some women at Armagh jail, are reported to be ready to start another hunger strike.

Gulf fares cut

British Airways is to cut fares to the Middle East and Gulf by up to 30 per cent from April 1. Page 10

Egypt offer

Egypt says it will give the U.S. military facilities to defend the Gulf states, but not permanent bases. Gulf 'alliance' meet to discuss security, Page 3

Basque protest

Pandemonium broke out in the Basque assembly when militant politicians disrupted an address by Spain's King Juan Carlos. Page 2

Pleasing bet

More Pleasure, yesterday's nap by Financial Times racing correspondent Dominic Wigan, won at 12-1. Racing, Page 20

Briefly ...

Second group of print-workers rejected conditions for the take-over of Times Newspapers by Rupert Murdoch. Page 11

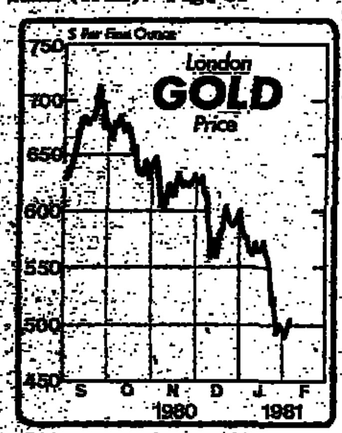
Muhammad Ali said he would not box again, but would become a promoter.

BUSINESS

$17 rise for gold; equities advance

● DOLLAR was slightly weaker, closing at DM 2.1160 (DM 2.1330) and SwFr 1.9200 (SwFr 1.9250). Its trade-weighted index was down to 85.6 (85.9). Page 31

● STERLING gained 60 points against the dollar to $2.3575, but it lost ground against European currencies. Its trade-weighted index was down to 104.1 (104.2). Page 31



● GOLD rose $17 to $505.5. Page 31

● EQUITIES continued their advance on MLR cut hopes. The FT 30-Share Index gained 2.3 to 478.9. Page 34

● GILTS also improved. The Government Securities index put on 0.08 to 69.47. Page 34

● WALL STREET was down 1.19 to 940.19 near the close. Page 32

● BRITISH GAS Corporation profits levy of £1.5bn over the next three years is planned by the Government. Back Page

● UK COMPANIES BILL aims to cut down the amount of information small companies are required to file. Back Page and Lex; Details, Page 10

● POLAND'S TRADE DEFICIT with the West reached $812m last year.

● UK EXPORTS to COMECON rose 22 per cent last year. Page 4

● JAPANESE CAR manufacturers hinted they would cut their share of the UK market this year. Page 4

● NORVIC SECURITIES, the loss-making Norwich-based shoe manufacturer and retailer, won a reprieve from Barclays Bank. Back Page

● BL should give up most of its component manufacturing operations, according to an Economist Intelligence Unit report. Page 8

● UK ENERGY consumption last year fell 7.4 per cent below the 1979 level, according to preliminary figures. Page 10

● TOWNSEND THORESEN became the second major shipping company to settle locally with ratings involved in the national seamen's pay dispute. Page 11

COMPANIES

● CITROEN, the French car company, incurred a loss of some FFr 800m (£72m) last year. Page 29

● SIEMENS, West Germany's largest electrical equipment manufacturer, reported profits after tax down 7 per cent to DM 633m ($298m) in the year to end September. Page 29; Lex, Back Page

● BENN BROTHERS, publisher, reported pre-tax profits down from £488,000 to £360,000 for the six months to end December. Page 25

● LYLE SHIPPING, the Glasgow-based group, is to take over Leadenhall Commodities in a £2.8m deal. Page 24

Government to sell 50% share in British Aerospace

BY IAN RODGER

THE GOVERNMENT is offering the public a 50 per cent stake in British Aerospace for £150m.

The offer consists of between 96.8m shares and 100m shares, depending on how many are taken up by BA employees, at 150p a share.

Applications for shares must be received by next Friday, February 13.

British Aerospace was formed in 1977 after the nationalisation of British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamics and Scottish Aviation. The offer price values it at £300m.

About two-thirds of the proceeds, £99m, will be new capital for the company. The rest will go to the Government, which will retain a stake of between 48.37 per cent and 50 per cent.

The shares are being offered at 5.2 times estimated 1980 profit of £65m after a minimal tax charge and £12m adjustment to include a full year's interest income from the issue proceeds. The fully taxed price-earnings ratio is 9.6.

The shares offer a prospective yield of 7.4 per cent on the proposed 7.8p dividend in respect of the current year.

Net tangible assets at June 14, 1980, adjusted to include the proceeds of the issue, amounted to £592m and borrowings amounted to £32.6m on January 1, 1981. The company estimates that it will have substantial requirements for further external finance for several years because of its development projects, and has loan facilities of approximately £400m.

The company forecasts its profits in 1981 will be much the same as the adjusted 1980 profits on an historical cost basis and that the current cost profit will be substantially better than last year's £0.9m, provided that the UK inflation rate abates this year.

The board plans to pay an interim dividend normally in November and a final dividend the following May. It expects to pay 7.8p per share net this year.

The company notes that the Labour Party's parliamentary spokesman on industry has said a future Labour Government would renationalise BAe.

The issue is the first of the denationalisation exercises planned by the Government. However, in October, 1979, the Government sold 5.1 per cent of its holding in British Petroleum for £290m.

The offer for sale is being made by Kleinwort, Benson and has been underwritten by Kleinwort, Hill Samuel and Co., Morgan Grenfell and Co., and J. Henry Schroder Wagg and Co. Brokers to the offer are Hoare Govett, Cazenove and W. Greenwell and Co.

Michael Donne writes: the prospectus reveals that in the year to end-December last, British Aerospace's sales amounted to over £1.3bn, and outstanding orders at the end of the year amounted to about £3.5bn.

In a letter to British Aerospace from the Secretary of State for Industry, it is made clear that the Government does not intend to use its rights as a shareholder to intervene in the company's commercial decisions.

"It would be prepared to use its voting rights in cases where it wished to prevent an alteration to the provisions of the company's articles of association relating to UK control, to the nationality of directors or to Government directors."

It might also use its rights to prevent the election of directors representing foreign interests.

The letter also makes it clear

Continued on Back Page

Water workers reject 10% pay offer

By John Lloyd, Labour Correspondent

Leaders of the country's 32,000 manual water workers yesterday rejected the National Water Council's improved offer of a 10 per cent increase.

The offer will now be put to members of the four unions in the industry at branch and regional meetings. A result is expected by February 25.

Mr. Ron Keating, assistant general secretary of the National Union of Public Employees, said last night that "on the basis of the membership's overwhelming rejection of the previous offer (7.9 per cent) I expect them to reject once more."

Mr. Eddie Newall, national officer of the General and Municipal Workers' Union, said he was convinced the offer would "receive a thumbs down."

If the latest offer is rejected by the membership, the unions will consider themselves mandated to take industrial action. However, the ballot will not be accompanied by any recommendation.

The Water Council may itself ballot the workers, and will certainly send letters to them explaining the wage package and urging them to attend branch meetings where the votes will be taken.

Sir Robert Marshall, chairman of the National Water Council, said that if they engaged in industrial action, there would be a "very grave situation."

"We think that 10 per cent is a very reasonable offer, against a background of 2.5m people unemployed and some firms not offering any rise at all."

The union's response was discussed early yesterday with Mr. David Basnett, general secretary of the GMWU and Mr. Alan Fisher, general secretary of NUPE, who endorsed the negotiators' decision to reject the offer and consult membership.

The water workers are leading the way for the electricity and gas workers, who aim to settle at around a common level.

The electricity workers resume talks with the Electricity Council today following their rejection last month of a 10 per cent offer.

'Gang of Four' publishes list of supporters

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE COUNCIL for Social Democracy last night published the names of 100 supporters who could form the nucleus of a fully fledged political party.

On the list were eight former ministers, 13 ex-Labour MPs and three senior trade unionists. There were also a number of prominent academics, a smattering of businessmen, and a good geographical spread of Labour councillors who could provide a breakaway party with the embryo of a local organisation.

Among the supporters were Mr. Frank Chapple, the general secretary of the Right-wing Electrical, Electronics Telecommunications and Plumbing Union; Mr. Edmund Dell, the former Trade Secretary now working in the City; Sir Alec Cairncross; and Sir Leslie Murphy, former chairman of the National Enterprise Board.

Lord Sainsbury and another member of the Sainsbury family, David, were also included on the list providing a clue to where the council may be looking for financial support.

In an advertisement published in today's Guardian, the Council for Social Democracy claims the list represents a cross-section of the 8,000 people who have expressed support for the council since it was launched ten days ago.

The advertisement amounts to the beginning of a membership drive—even though there is not yet technically any organisation to join. Supporters are invited to send money and the name of their constituency.

At this stage, the signatories are only committing themselves to supporting the principles of social democracy as spelled out in last week's declaration of intent by Mrs. Shirley Williams, Mr. Roy Jenkins, Mr. William Rodgers and Dr. David Owen.

But most of those who have signed the advertisement must know that by publicly identifying themselves with the Council they have taken a major step down the road to leaving the party.

The council's decision to publish the list marks a further setback for Mr. Michael Foot's hopes of keeping Mrs. Williams and the 11 MPs who signed the original declaration in the party.

Despite Mr. Foot's efforts, Mrs. Williams is going ahead with plans to resign from the party's executive.

At the same time, the Right-wing constituency organisation, the Campaign for Labour Victory, was deciding whether to come out in support of the Council for Social Democracy.

It was also evident that the 11 MPs might resign the Labour

Continued on Back Page

Council for Social Democracy supporters, Page 12

Gilt prices firm by £½ on hopes of MLR cut

BY DAVID MARSH

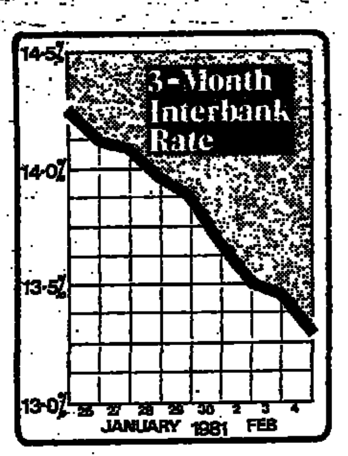
PRICES of gilt-edged stocks firmed by £½ yesterday and money market interest rates fell up to a ¼ percentage point as hopes rose that Minimum Lending Rate will be cut today.

Expectations of a reduction from the present level of 14 per cent helped depress sterling on the foreign exchanges. The pound rose 0.60 cents to $2.3575 against a generally weaker dollar, which lost ground particularly against the Deutsche Mark.

But sterling declined from its recent peak levels against Continental currencies. The U.S. trade-weighted index fell to 104.1 from 104.2 on Tuesday.

Any decision to cut MLR this morning will be finely balanced. The Treasury and Bank of England may wish to take account of a broader range of factors, including the recent strength of sterling and the economic decline, rather than simply money supply trends.

Yesterday's renewed decline



in money market rates took the three-month inter-bank rate to about 13½ per cent, down fully 1 percentage point compared with a fortnight ago. This implies that the market expects an MLR cut of at least 1 percentage point, if not today then perhaps next week.

The dollar fell to DM 2.1160 from DM 2.1330 on Tuesday, and also dropped against the Swiss franc and the yen. A rise in Frankfurt money market interest rates, following Tuesday's action to tighten liquidity by the West German Bundesbank, helped stiffen the D-Mark after its previous sharp fall. The Bundesbank intervened to support its currency, although on a much reduced scale.

Foreign exchanges are waiting to see if today's meeting of the Bundesbank's decision-making central council results in further action to support the D-Mark. Following the currency's partial recovery, the Bundesbank is not generally expected to announce any increase in its official lending rates.

Because of the growing domestic recession, the Bundesbank has come under strong pressure to cut its discount and Lombard rates, which would make any action to raise them highly controversial.

Economic Viewpoint, Page 23

£ in New York

	Feb. 5	Previous
Spot	$2.3530-3550	$2.3435-3445
1 month	0.65-0.75 pm	0.55-0.65 pm
3 months	2.40-2.50 pm	2.15-2.25 pm
12 months	6.50-6.70 pm	6.00-6.30 pm

Lee Cooper signs £25m Czechoslovakia deal

BY PAUL CHEESERIGHT

LEE COOPER yesterday became the first Western jeans manufacturer to sign a production deal with an East European country when it announced a £25m joint venture with Czechoslovakia.

The deal, which will last for six years, is the largest UK textiles agreement ever reached with a member of Comecon, the East bloc trading organisation, Lee Cooper said.

Jeans carrying the Lee Cooper trademark will be produced at a new factory at Presov, in the east of the country, by Slovakotex, the state textile company of Slovakia.

Production is planned at 1m pairs a year, destined mainly for the local market but with a provision for the export of 15 per cent of the output to other Comecon countries.

A licensing fee will form part of the payment to Lee Cooper, which will also act as Slovakotex's buying agent for machinery and raw materials, and provide design, technical and marketing advice. Total cost to Czechoslovakia will be £25m.

The deal is a significant breakthrough for Lee Cooper, which has tried to expand its operations eastwards from dominance in the West European market. It has been operating a licensing agreement in Yugoslavia for three years.

This will be the first time western-style jeans have become freely available in East Europe. Although Levi jeans are produced in Hungary, most are said to find their way back to western markets.

Maglificio Calzificio Torinese, the Italian manufacturer of Jesus Jeans, last year reached an agreement to set up a Soviet factory.

Background, Page 4

Farm price rise of 8% proposed

BY JOHN WYLES IN BRUSSELS

SUCCESSFUL lobbying by EEC farmers resulted yesterday in proposals from European Commission officials suggesting that Community farm prices should be raised on average by an unusually high 8 per cent from April 1.

The proposals drew sharp criticism from several of the 14 members of the Commission, who were having their first serious discussion on the possible contents of the farm price proposals. These will be decided on February 18 and should indicate whether this is a more adventurous Commission than its predecessor.

Yesterday's suggestions included a 6 per cent rise in dairy prices from April, followed by 2 per cent more in September. Spending on the dairy surplus accounts for 40 per cent of the entire EEC budget. Another product substantially in surplus, beef, was recommended for a 9 per cent rise, 6 per cent in April and 3 per cent in December.

No decisions were taken yesterday, but the suggestions discussed will confirm the reputation of the Commission's Directorate-General for Agriculture as a conservative group of officials unwilling to contemplate big reforms to the Common Agricultural Policy.

Several Commissioners complained last night that the ideas presented by the new Agriculture Commissioner, Mr. Poul Dalsager, leaned too far towards propping up farmers' incomes and too far away from controlling CAP costs.

The Commission is supposed to be committed to financing the cost of any price rises through economies in the CAP and levies on producers of surplus products. Yesterday's proposals were said to be vague about economies and to be based on the premise that CAP spending should be allowed to rise at about the same rate as the Community's own revenues.

The overall effect in a full year of an average 8 per cent price increase would be to add about £520m (1bn units of account) to CAP spending. This can be comfortably accommodated without overstepping this year's EEC budget and may even fit inside next year's ceiling.

British and Italian Commissioners are particularly worried that EEC Farm Ministers generally regard Commission proposals as minimum possible increases. Thus an 8 per cent proposal could easily become a 10 or 12 per cent decision.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchegr. 12¼% 1985	£97¾	+ ⅜
Treasury 11½% 1989	£89½	+ ½
Barget	150	+ 15
Bass	207	+ 7
Bibby (J.)	250	+ 12
Blue Circle	364	+ 8
Currys	299	+ 9
Davies & Newman	116	+ 6
Grattan Warehouses	78	+ 10
Horizon Travel	177	+ 11
Johnson Cleaners	170	+ 11
Kennedy Brookes	97	+ 5
Lyntox	262	+ 8
North British Props.	165	+ 4
Northern Foods	184	+ 5
Powell Duffryn	247	+ 12
Provident Financial	138	+ 5
Samuel Props.	124	+ 5
Tarmac	283	+ 11
Trusthouse Forte	211	+ 8
Vosper	100	+ 8
Whitbread 'A'	151	+ 6
East Driefontein	£11¼	+ 1
Gencor	725	+ 100
Gold Mines of Kalgoorlie	355	+ 15
Grootvlei	325	+ 26
Kitchener Mining	180	+ 30
South African Land	225	+ 22
UC Invs.	440	+ 55
West Driefontein	£29⅞	+ 2
Winkelhaak	£11½	+ 1⅛

FALLS

Electrocomponents	640	− 25
Elson & Robbins	28	− 5
Grimshawe	26	− 6
ICL	32	− 10
Ratcliffe Inds.	56	− 8
Reed (Austin) 'A'	76	− 6
Tate & Lyle	154	− 6
Unitech	216	− 15
Double Eagle	160	− 20

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Fighting marks royal visit to Guernica assembly

BY ROBERT GRAHAM

PANDEMONIUM broke out during the first-ever visit by King Juan Carlos to the troubled Basque region of Spain yesterday. With Spanish political life already in crisis over the resignation of the Prime Minister, Sr. Adolfo Suarez, the King was interrupted for 10 minutes while MPs and local Basque councillors exchanged punches on the floor of the assembly hall in the historic town of Guernica.

The outburst emphasised the deep emotions which surround the Basque country's relations with the central Government. The Basques fought passionately for the republic and against the 1936 military revolt headed by former head of state, General Franco.

Their defeat is symbolised by the town of Guernica which was flattened by German aircraft supporting Gen. Franco and the resentment felt by some Basques at the fierce repression they later suffered remains close to the surface.

King Juan Carlos is still viewed with deep suspicion by Basque radicals. As he rose to speak yesterday, flanked by Queen Sofia, militants leaped to their feet and, with clenched fists raised, sang nationalist songs.

The outburst had been promised by Herri Batasuna, the political group which supports the separatist aims of the ETA guerrilla organisation.

The King stood impassively, waiting for silence. Then the rest of the people in the hall started shouting loyalist slogans: "Viva el Rey" (Long live the King) and "Fuera, fuera" (out, out). Each group attempted to drown the other's noise.

After 10 minutes in which it seemed both groups could go on indefinitely, Basque security forces in plain clothes forcibly removed the militants. Some left still protesting, others were kicked by other politicians and some were manhandled severely.

Only after this was the King able to begin his speech—his main political statement during a three-day visit to the Basque country, which ends today.

The King opened with an impromtu comment. "Despite those who have no qualms about intolerance, who deprecate harmony, and who have not the least respect for the basic freedoms of expression, I wish to reaffirm my full confidence in the Basque people." This was greeted with thunderous applause.

The King paid homage to the Basques and their contribution to Spain. Without directly saying so, he implicitly sought to heal the bitter scars left by Franco's repression

The King's reception has varied from coolness to curiosity, but rarely enthusiasm. There are no flags en route, a feature of other royal visits, and the only crowd seen so far was in the centre of Bilbao on Tuesday night.

Earlier yesterday, the King visited the region's largest industrial employer, Altos Hornos de Vizcaya. For the past two days, the plant employing 12,500 men has been paralysed by strikes over the restructuring of the steel industry.

The King was able to see the full extent of the depression hitting the Basque country with the plant working well below capacity. When the King and Queen stepped out of their cars to enter the main offices of AHV, only one person clapped.

Before going to Guernica, the King and Queen and their eldest son visited a new mole at Bilbao port. But, despite this modernisation, it was announced this week that General Motors had chosen the neighbouring port of Santander because of labour unrest in Bilbao.

Incidents were reported yesterday from other parts of the Basque region, where over 100 people died last year in political violence. The main railway line to France was blocked and in at least two towns burning buses were pulled across streets to form barricades.

Forlani faces credit curbs revolt

BY RUPERT CORNWELL IN ROME

LESS THAN 24 hours after weathering a parliamentary debate on terrorism, Sig. Arnaldo Forlani, the Italian Prime Minister, is facing another dangerous split in his four-party coalition over the package of credit restrictions he introduced last weekend.

The political squabbling led last night to yet another meeting of the leaders of the coalition partners, at which Sig. Forlani was again being called to pour oil upon troubled waters.

The measures, which place a 13 per cent limit on domestic credit expansion for 1981, have attracted public criticism from the Socialists, Social Democrats and Republican parties. All are in Government alongside the Premier's Christian Democrats.

Sig. Giorgio La Malfa, Budget Minister and a Republican, has not concealed his own dissent over the curbs, which were pushed through by Sig. Beniamino Andreatta, the Treasury Minister. After a meeting with Sig. Forlani yesterday, Sig. La Malfa expressed "serious worries" about the consequences for Italy's future economic development.

Disagreement exists about the severity of the package. Industrialists protest that their prospects for 1981 have been hit, but Sig Andreatta maintains that although inflation at best will come down to 15 per cent from its current 21 per cent, the guidelines offer scope for real growth in gross domestic product of up to 1.5 per cent this year.

The Bank of Italy has confirmed that after an early autumn lull, the pace of bank lending started to quicken again, implying that the economy remains rather more buoyant than expected.

Dutch likely to stand by Taiwan deal

By Charles Batchelor in Amsterdam

THE DUTCH Government is expected to allow the planned sale of two submarines to Taiwan in defiance of Tuesday's parliamentary vote, according to politicians and political commentators in The Hague.

The Government, they say, would survive an Opposition motion of no confidence, just as it has several times in its current term, because dissident Government party MPs will back down from voting the Government out of office.

Mr. Joost van Iersel, spokesman on the issue for the largest Government party, the Christian Democrats, and a supporter of the proposed sale, said his impression was that most MPs would support the Government

The Centre-Right coalition has been faced several times by a revolt from a minority of MPs from the Christian Democratic Party, led by Mr. Dries van Agt. In only one case — following a call for South African athletes to be banned from attending the paraplegic Olympic Games—did the Government give way

Abortion issue back at centre of political stage

BY OUR ROME CORRESPONDENT

THE EXPLOSIVE issue of abortion has moved back to the centre of the Italian political stage, with approval by the country's Constitutional Court of two opposing referendums on the subject.

Ruling on applications for 12 separate referendums on various issues, the court, Italy's highest judicial authority, ended 16 days of discussions by accepting six and ruling six unconstitutional.

The half dozen which will go ahead include proposals to remove life imprisonment from the penal code, to ban the right of some citizens to carry arms, and to do away with courts martial for offences under military law.

It is the two proposals on abortion which are bound to cause the most controversy in this overwhelmingly Catholic nation. The political parties may prefer to avoid such an emotional and divisive confrontation by moving instead towards early general elections. The timing of the 1976 elections was dictated partly by a desire to avoid a similar nationwide vote on abortion.

A warning for Martens

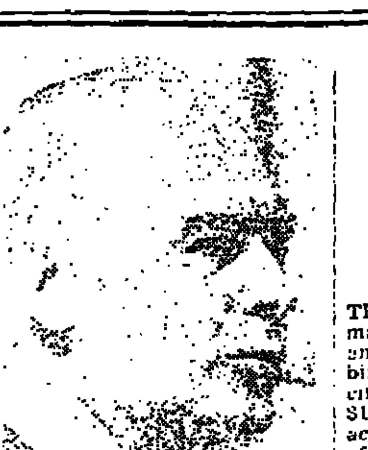
BY GILES MERRITT IN BRUSSELS

BELGIUM'S central bank has sounded a grim warning on the speed at which the country's economy has been deteriorating.

In its report for 1980, the bank makes it plain that the coalition Government led by Mr. Wilfried Martens must adopt tough policies to arrest the trend in public spending if a serious crisis is to be averted.

The bank's annual review shows that the total public debt is now considerably higher than is commonly believed—it puts its own calculation of that debt at the end of 1980 at BFrs 2,700bn (£33.7bn), rather than at the officially cited level of BFr 1,957bn.

The bank makes it plain that the fundamental problem is the insatiable borrowing demands of the state and the public sector.



M. Giscard d'Estaing: reacting to hard-line U.S.

EMS strain on agenda for Paris

By Robert Mauthner in Paris

STRAINS within the European Monetary System, as well as the consequences of Mr. Ronald Reagan's election as U.S. President, are expected to dominate two days of Franco-German talks which open in Paris today.

Though not originally on the agenda of the talks between President Giscard d'Estaing and Chancellor Helmut Schmidt, officials admit that the two leaders can hardly avoid discussing problems that have arisen within the EMS. It is stressed in both capitals, however, that no realignment of currencies within the system is envisaged by either country.

Reports of a possible devaluation of the Deutsche Mark or revaluation of the French franc have been denied firmly in Paris and Bonn. But this does not necessarily mean that other measures to bolster the West German currency have been ruled out.

The Germans would like the French to cut interest rates, which would reduce capital flows to France. It is realised in Bonn, however, that this would be difficult for President Giscard d'Estaing to concede because it would run counter to the priority being given by his Government to fighting inflation.

The discussions between the two leaders are expected to concentrate, in particular, on the prospects for East-West relations, following the advent to power of a hard-line Administration in Washington and on Europe's role in world affairs.

Both the French President and Herr Schmidt have made it clear that they welcome a strong U.S. Government with a clearly-defined policy, even if this might occasionally lead to disagreements between the U.S. and Western Europe. On the other hand, the French and the Germans are convinced that the more decisive and tougher policies taken by Washington will require the West European countries to adopt a higher profile as well to make their views felt.

With this in mind the two leaders will probably look at ways of improving political consultation between the European Community countries.

Higher growth for Ireland

By Our Paris Correspondent

IRELAND is likely to achieve slightly higher growth this year and to cut down inflation, but faces a big external deficit and high unemployment.

These are the main conclusions of the Organisation of Economic Co-operation and Development's annual report on Ireland published today. Growth is forecast at 2.5 per cent compared with 1.5 per cent last year. But the moderate rate of recovery and a rapid increase in the labour force mean that the jobless rate will remain high.

$11bn current account deficit for Nordic bloc

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

THE NORDIC countries, Denmark, Finland, Iceland, Norway and Sweden, will have a combined balance-of-payments deficit on current account of $11.2bn (£4.8bn) this year, according to the five federations of industries. The deficit will be $1.8bn higher than the preliminary estimate for the 1980 deficit, which the federations describe as "embarrassing."

The forecast comes from Nordic Economic Outlook, a joint half-yearly report by the Nordic federations. The 1981 deficits will equal 3.5 to 4 per cent of gross domestic product and the Nordic bloc's share of the combined deficit for the Organisation of Economic Co-operation and Development states will be well above its share of OECD trade.

Sweden is expected to show a deficit of $5.5bn this year, Denmark following with a $2.9bn deficit, and Finland close behind with $2.3bn. Even oil-rich Norway is forecast to return a current-account short-fall of $400m.

The federation's economists anticipate sluggish growth in all the Nordic countries in 1981, even including Finland, which had the fastest growth rate in the OECD area last year. The slowdown in world economy has already had a negative impact on Nordic exports, while total forecast to grow no more than 0.2 per cent this year.

Thus, the federations expect total GDP to remain unchanged in the Nordic area this year. Sweden is expected to show a decline of 0.7 per cent, while the last two years' fast growth in Finland is expected to fall to 2 per cent in 1981.

Industrial production is expected to decline this year in Denmark, Norway and Sweden, while in Finland the rate of growth in industrial output is estimated to reach no more than half last year's 7.5 per cent. This pattern is repeated in the federation's forecasts for industrial investment, with only Finland showing an increase, mainly as a result of investment decisions taken earlier.

At the end of 1980 inflation rates in the Nordic area were somewhat higher than the average for the OECD countries. They are expected to slow down this year, except in Norway, where the Norwegian federation pessimistically expects consumer prices to be on average some 12-14 per cent higher than in 1980.

The inflation outlook for Sweden and Denmark is described as "particularly obscure" because of the persistent, fundamental imbalances in their economies, while Iceland, as usual, is expected to top the 1981 table with an inflation rate of about 50 per cent.

Nordic Economic Outlook was compiled at the end of December, before the Icelandic Government announced its anti-inflationary programme and before this week's moderate pay settlement in Sweden

Fälldin package aimed at Krona

BY OUR NORDIC EDITOR IN STOCKHOLM

A COMBINATION of savings on public spending and stimulation for Swedish industry should inject new "go" into the Swedish economy, Mr. Thorbjörn Fälldin, Sweden's Prime Minister, said when he presented his coalition Government's latest package of economic measures late on Monday.

It will trim SKr 3bn (£280m) from the 1981-82 budget and a further SKr 2.2bn from estimated spending in the 1982-83 budget. It follows spending cuts of SKr 6.3bn, which the Government announced last year and which still left the 1981-82 budget with a deficit of more than SKr 67bn, or about 12 per cent of gross domestic product.

The coalition announced the new economic package earlier than expected to stem speculation on a devaluation of the krona. The hope is that together with the relatively moderate pay settlement for blue-collar workers reached on Tuesday it will generate greater business confidence and scotch pressure for devaluation.

The reductions include a SKr 1.7bn cut in net allocations to local authorities announced last week. Food subsidies will be trimmed by SKr 500m, the duty on fuel oil for heating houses will go up and tax deductions for the costs of travelling to work will be reduced.

Other measures are designed to stimulate exports, industrial investment and employment, but not all are spelt out in detail. The Government suggests that the marginal tax rate be reduced to 50 per cent for the bulk of Swedish taxpayers in successive stages between 1982 and 1984. It is inviting the Social Democrat opposition and the trade unions to discuss how the reduction is to be implemented.

It proposes to improve export credit facilities, to loosen the job security laws so that companies can employ more young people, and to change taxes on forest-owners to boost the supply of wood to the pulp and paper mills.

The budget savings of SKr 5.2bn do not make up for the SKr 8.3bn rise in interest charges on the state debt in the 1981-82 budget.

The coalition party leaders, however, stressed the support for the export industry, small business and the forest industry provided for in the measures. They should affect positively the image of the Swedish economy both within and outside the country, Mr. Gösta Bohman, the Economy Minister, said.

Danish wage deals average 7½%

BY HILARY BARNES IN COPENHAGEN

THE FIRST collective wage agreements in Denmark's current bargaining round have been approved by union ballots. As a result it seems likely that Denmark can look forward to wage increases over the two years from March 1 which will be considerably lower than at any time in the past 15 years.

Settlements in the traditional two-year agreements are at about 7½ per cent a year on average, including automatic wage indexation increases and estimated wage drift.

Problems remain, however, and the printers' unions are threatening to strike. But with about three-quarters of all private sector agreements completed, there will be no call for Government intervention.

The Government may face a difficult task with the public sector unions, who claim their wages have fallen behind the private sector. Public sector agreements are not due to be completed until April.

Meanwhile, the Government yesterday put forward a Kr1.5bn (£98m) employment programme with the emphasis on jobs and training for the young unemployed. It hopes to be able to find places for about 10,000 this year, rising to 45,000 in 1983. Unemployment is running at about 200,000.

Arms policy dilemma for Bonn

BY JONATHAN CARR IN BONN

WEST GERMANY'S Cabinet-level security council met yesterday to consider export policies amid signs that Third World countries are becoming increasingly interested in German weapons.

An Economics Ministry official disclosed that Bonn had given a production permit for the construction of four corvettes for Colombia in north German shipyards. The ships will need a further export permit before they can be delivered and that will depend on the political situation in the South American country.

In addition, Thyssen Henschel, the weapons concern, has confirmed that it is negotiating with Malaysia for the sale of some 100 armoured cars and about 500 other military vehicles.

Both deals would be regarded as politically unremarkable by such major weapons exporters as France, the U.S. and Britain, but they come at a time when Bonn is trying to assess what it is losing politically and economically by having such strict curbs on arms exports.

The deals underline the fact that there is a considerable potential market for German weapons should the regulations be relaxed. But the security council, comprising Chancellor Helmut Schmidt and the Economics, Foreign, Finance and Interior Ministers, is more concerned with the political and strategic value that could accrue if the current ban on arms exports to "areas of tensions" is adjusted.

The main spur for yesterday's meeting, which is expected to be the first of a series, is the interest expressed by Saudi Arabia in buying some 300 Leopard II tanks and other weapons. The question is not only whether Riyadh is an "area of tension" because of its proximity and attitude to Israel, but also whether, the whole ban should be amended to make it possible to export arms to countries that are vital to German strategic and economic interests.

The security council also has to work out what is feasible in party political terms.

Work on Brokdorf resumes tomorrow

By Jonathan Carr in Bonn

BUILDING WORK on the disputed nuclear power station project at Brokdorf in northwest Germany will resume tomorrow, despite the vote by the ruling Social Democratic party in Hamburg on Monday against the scheme.

Continuation of work after long delays while complaints against the project were before the courts was announced yesterday by Nordwestdeutsche Kraftwerke AG (NW), which has a 50 per cent stake in the scheme.

The announcement seems certain to bring strong protests from opponents of nuclear power, who demonstrated violently at the Brokdorf site in 1976.

But despite this opposition and the vote by Hamburg's Social Democrats against Brokdorf, the scheme is going to prove hard to stop altogether.

Monday's party vote was important because Hamburg is involved in Brokdorf via a 50 per cent stake of the Hamburger Electricitaets-Werke (HEW). The city would thus draw power from Brokdorf when the project is completed, which would be late 1986 at the earliest.

But the vote of the SPD rank and file does not wholly commit the Hamburg Senate, the city government, which must decide within the next few weeks whether or not to pull out of Brokdorf. At present Senate opinion is evenly balanced, although the Lord Mayor, Herr Hans Ulrich Klose, supports withdrawal.

Even if HEW then yields to a political decision, and that is not automatic, Hamburg will face damages which could run into several hundred million Deutsche Marks. There was no provision in the contract on Brokdorf between HEW and NWK for early unilateral withdrawal.

Such damages would eventually have to be met by the Hamburg tax-payer so it seems certain that the issue will come before the local parliament. The opposition Christian Democrats (CDU) in that assembly would vote firmly for Brokdorf and it is not clear that all SPD members would vote against.

Even if Hamburg pulls out of the scheme, there is firm evidence that the CDU government of Schleswig-Holstein, the state bordering Hamburg where Brokdorf is sited, plans to push on with the project.

Nordwestdeutsche Kraftwerke would have to seek a new partner to replace the Hamburg electricity undertaking, but one seems to be waiting in the wings. That is Preussenelektra, an 86.5 per cent subsidiary of the huge energy concern Veba. Veba is 43.8 per cent owned by the federal Government in Bonn, which strongly favours the Brokdorf project.

NWK is itself a 69.4 per cent subsidiary of Preussenelektra. The effect of withdrawal by Hamburg could thus be to put the project wholly in the hands of Preussenelektra so giving Bonn, theoretically, more influence on Brokdorf than before.

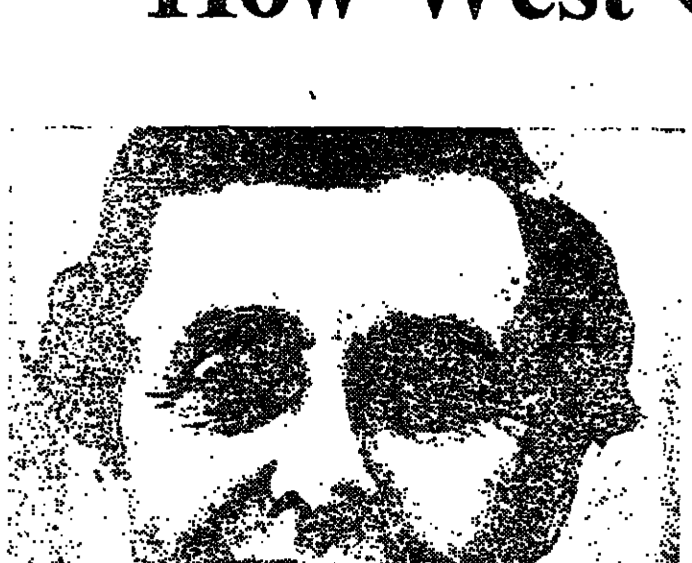
More foreigners in Switzerland

FOREIGNERS now account for 14.2 per cent of the resident population of Switzerland, according to the latest Government figures. Excluding officials of international organisations, the total rose by 1 per cent last year to 892,807.

The number of resident aliens in the country's labour force also increased slightly, reaching 501,104, but well below the peak of more than 596,000 reached in 1972/73.

How West Germany put public-sector banking on trial

BY ROGER BOYES IN MUENSTER



"Not for the first time, it seems my memory is better than the files of prosecuting counsel"
—Herr Poullain.

INSCRUTABLE AS Buddha, immaculate as Ronald Reagan, Herr Ludwig Poullain sits on the hard court bench, stroking his silk tie and listening, as if in a trance, to the ebb and flow of evidence. The judge stops reading and an uncertain silence, broken only by the cracking of finger joints and the ticking of Japanese watches, settles on to the Muenster courtroom.

Herr Poullain leans forward, takes off his glasses and speaks: "Not for the first time, it seems that my memory is in better order than the files of prosecuting counsel." Herr Poullain shoots a quick glance at the press gallery to make sure the journalists have caught the quip, and then slowly demolishes a point of evidence with a roll-call of long-dead memos, a summary of the boardroom practices of WestDeutsche Landesbank and an analysis of banking policy on loan guarantees.

It comes as something of a relief to find that Herr Poullain has not lost the resilience and ebullience of past years when, as chairman of WestDeutsche LandesBank (WestLB) he was the most colourful figure in the West German banking world.

Now Herr Poullain stands accused of fraud, corruption and breach of trust—charges stemming from his connection during the 1960s and 1970s with Herr Franz Josef Schmidt, the finance broker. Herr Schmidt was later arrested in connection with the collapse of a Stuttgart-based property group and WestLB put up bail for him, with Herr Poullain's approval. Herr Poullain freely admits to having once received a DM 1m (£200m) consulting fee from Herr Schmidt—but he denies this was in any way illegal, and denies too that he misled WestLB over the relationship. In short, he denies all charges.

Ripples of anxiety

The trial—expected to last until at least June—tells only half the story of the Poullain affair which sent ripples of anxiety through the banking sector, and especially the publically owned institutions of which the Landesbanks are the largest. In December 1977, when first reports of his consultancy emerged, Herr Poullain resigned, saying his integrity had been called into question. The resignation was accepted, but within a month, the bank decided to sack him retroactively (that is, dated from the day of his resignation) saying he had violated his duty. Herr Poullain is convinced political forces were at work.

Certainly, there was some unease among regional politicians at the time. They believed Herr Poullain was steering WestLB into international waters too quickly. The Landesbanks were originally conceived to redeploy the surplus funds of the public authority-owned savings banks, to act as "house banks" to the governments of the Laender (provincial states) and to be central clearing house for the bank giro.

Most of the banks are owned by the state governments and the savings banks, although the ownership of WestLB, by far the largest Landesbank, is slightly more complex, including a series of other public bodies in North Rhine Westphalia.

It was Herr Poullain who first saw the opportunity to go far beyond this regional mould, and to put to more active use the vast pool of funds which had accumulated in WestLB over the years.

The original reasoning was that North Rhine Westphalia (which embraces the Ruhr) was very export-orientated, and its Landesbanks had to adjust accordingly, especially if it were to stay competitive with the private commercial banks.

The politicians gave full support to this line, but their confidence began to flag, partly because of trouble at other Landesbanks beset by foreign exchange problems. Moreover, they were too deeply enmeshed in the growth of the bank — politicians occupied several board positions — to change course.

The dispute over the consulting fee and Herr Poullain's resignation/dismissal triggered off all these latent political fears. Why, asked the Christian Democrat opposition, did the North Rhine Westphalian Government allow the reappointment of Herr Poullain as chairman just before the scandal broke? The Finance Minister of North Rhine Westphalia was forced to resign — and the Land's Premier, Herr Heinz Kuehn, left office soon afterwards.

As Herr Poullain sees the matter, his relationship with the financial broker was quite proper: why should a Landesbank banker have to be bound by strict civil service-type regulations, when commercial banks were free to do as they wished? More to the point, the whole dispute was distorted by the political undercurrents. In short, everyone was looking for a scapegoat, and they found one in Herr Poullain.

That is Herr Poullain's view, but his critics believe real principles are at stake. They rule out victimisation. Consulting contracts of DM 1m are certainly not normal in West German banking, they say, and in any case WestLB board members routinely clear their outside activities with the supervisory board. WestLB, above all, is concerned to make a clean distinction between the dispute with Herr Poullain and the broader question of the Landesbanks—and especially WestLB's overseas policies. Sitting in the Muenster courtroom —which looks like a converted basketball hall—it is difficult to resist the conclusion that Herr Poullain's personality must have contributed to his downfall.

Sheltering from cold

Despite a thinly populated audience (a sprinkling of journalists, bored shoppers, a tramp sheltering from the cold, schoolchildren playing truant), Herr Poullain bubbles with ironic allusions, outright jokes, colourful smiles and persistent name dropping: "As I told the Chancellor . . ."

How could West Germany's staid banking world digest such a man? As chairman of WestLB, he sometimes wore checked sports jackets to news conferences, drove a Jaguar (instead of the bankers's more or less obligatory Mercedes), and once took a helicopter to a supervisory board meeting. He was, to put it mildly, unconventional and, ultimately, made his colleagues uncomfortable ("More bandleader than banker" is one frequently heard although rather unfair comment). Perhaps, say the more charitable of his ex-colleagues, the Landesbanks needed a professional non-conformist to haul them out of their regionalism and to fight the commercial banks on their own terms. And if the need for a non-conformist is accepted, his foibles must be accepted too.

Herr Poullain, at 61, has much to lose, and underneath the ruddy mock-confident exterior it is possible to spot signs of nervousness. But he knows his brief, is a consummate self-publicist, and is rather deftly steering the case into the grey zone of Landesbank philosophy. The fact is, West Germany's Landesbanks have expanded dramatically over the past 10 years, and it has been difficult for them to redefine every part of their new status. The case of Herr Poullain, who contributed in no small way to this expansion, highlights the uncertainties which have resulted

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Gulf states meet to discuss security

By Patrick Cockburn

FOREIGN MINISTERS of six Gulf States met in Saudi Arabia yesterday to discuss cooperation against internal and external threats. The conference is the latest in a series of moves towards greater regional coordination by the Gulf oil States, including Saudi Arabia and Kuwait, which started after the fall of the Shah but have so far failed to produce much more than rhetoric.

The Gulf States at the meeting, which will not be attended by Iraq, are eager not to give the impression to Tehran that the group is specifically aimed against a potential threat from Iran.

The plan being discussed in Riyadh involves greater co-operation between the armies and police forces of the six States as well as increased economic cooperation. It appears to be partly based on a security scheme put forward by Saudi Arabia last year to increase internal security and prevent great power intervention in the Gulf. Oman has also put forward a plan to secure free navigation for shipping through the *Strait of Hormuz*.

The Gulf leaders are privately worried by the militant stance of the new administration in Washington and President Reagan's suggestion earlier this week that U.S. ground forces should be stationed in the Middle East. Although Saudi Arabia ultimately relies on U.S. protection, together with the Gulf States it is eager to keep such assistance at arms length until it becomes necessary.

Up to the beginning of the Gulf war in September it was difficult for the oil states of the Western Gulf to establish any regional forum because the membership of Iraq, with a larger population than the other states combined, would have led to Baghdad dominating any grouping.

Since the start of the fighting with Iran, however, Iraq has been eager to cultivate the other Arab oil states as allies. It has therefore agreed to stay out of the discussions. The absence of Baghdad from the meetings should reduce criticism by Iran.

● Reuter adds from Baghdad that Iraq says its newly acquired French Mirage fighter bombers will boost its armed forces.

China draws closer to South-East Asia

BY KATHRYN DAVIES IN BANGKOK AND DAVID HOUSEGO IN LONDON

THE VISIT by Mr. Zhao Ziyang, the Chinese Premier, to Thailand this week seems almost certain *to renew military and* diplomatic pressure on Vietnam to pull its troops out of Kampuchea. But the irregular Khmer guerrillas have little chance of loosening the grip of the Vietnam-backed Heng Samrin *regime in Phnom Penh*, unless another food crisis leads to widespread civil unrest.

The Vietnamese have 200,000 soldiers in Kampuchea. After 30 years of war in Indochina, they are determined to fight for their *plan to link Vietnam*, Laos and Kampuchea in an Indochina federation. But the long occupation and the continuing guerrilla campaign are straining their already overstretched economy, particularly as they have been disappointed by the slow-down in aid from their Russian allies.

Mr. Zhao's visit was his first abroad since he became Premier. He impressed his Thai hosts by his forceful manner, quick wit and willingness to *listen. The most tangible result* is that China and the five members of the Association of South-East Asian Nations have been drawn closer together.

Despite the six nations' common hostility to Vietnam and the Soviet Union, this has always seemed an improbable marriage because of the nervousness of the predominantly Malay states of South-East Asia at China's long-term ambitions. But Mr. Zhao said, more clearly than before, what the regional governments wanted to hear spelt out by a Chinese leader; that China would reduce its support for Communist movements in the South-East Asian states.

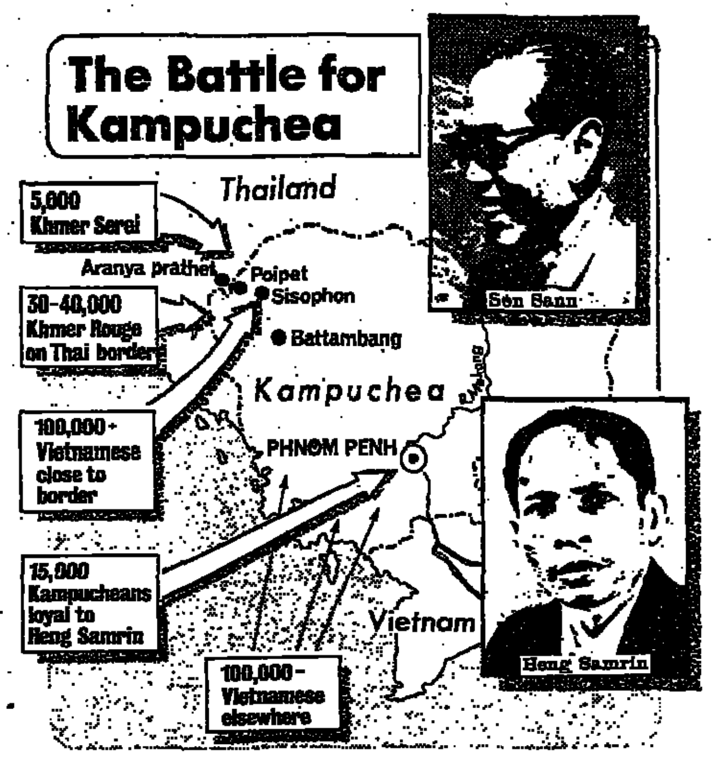
Mr. Zhao told a press conference in Bangkok that China would try to "take further action to prevent our relations with the (South-East Asian) Communist Parties . . . from affecting the friendly relations between China and the (South-East Asian) countries . . . We sincerely hope that these countries will maintain internal unity and enjoy stability and prosperity."

No other Chinese leader has gone so far in assuaging South-East Asian fears. *The new* warm relationship between China and the South-East Asians itself throws a pyschological cordon around Vietnam. But Malaysia, for one, with its large Chinese population and troublesome Communist Party, will wait for words to become action.

On the military front, China and the South-East Asians have agreed to back a "third force" which would theoretically bring together the Khmer Rouge guerrillas and other anti-Communist forces under Son Sann, the former Kampuchean Prime Minister. Whether this shotgun marriage can work or be effective irritant to the Vietnamese has yet to be tested.

But the Chinese have made what they consider a major concession in *abandoning Pol Pot* as the leader of Democratic Kampuchea (the legal title of his ousted regime), and hence of the Khmer Rouge forces.

Peking has continued to supply Pol Pot with weapons, arguing that his guerrillas were *the only credible force fighting* the Vietnamese. But China now appears to have accepted that most Kampucheans hate the notorious Khmer Rouge leaders at least as much as they do the *occupying Vietnamese*.



As Mr. Zhao himself made clear in Bangkok, the South-East Asians have managed to persuade China to endorse a leadership change which would place either Prince Sihanouk, *the former head of state*, or Son Sann at the head of Democratic Kampuchea. This would not only provide a more acceptable international image to the ousted Kampuchean Government, helping it to retain its seat at the UN, but *it could also conceivably* strengthen the guerrilla forces.

In an effort to harass the Vietnamese further, Mr. Zhao has won the South-East Asians' backing for more arms supplies to the Khmer guerrillas. But few diplomats believe even a re-equipped and united "third force"—and its unity is much in doubt—could dislodge the Vietnamese.

The other means of maintaining pressure on Vietnam is by isolating it abroad. The South-East Asian nations and Vietnam have been tossing diplomatic initiatives at each other in advance of next week's non-aligned nations' foreign ministers' meeting in New Delhi.

China is now backing the South-East Asian nations' demand for the implementation of last November's UN resolution, which called for an international conference to ensure the *withdrawal of Vietnamese troops* from Kampuchea and the establishment of a neutralist government in Phnom Penh.

China had initially insisted it could not take part in any conference unless Vietnamese *troops were pulled out first*.

China's position now is that it will take part in a more broadly based conference, provided that the issue of Vietnamese troops is at the top of the agenda. The South-East Asians *see* Peking's inclusion in any conference as essential if its conclusions are to carry weight.

Vietnam's own proposals, put forward last week, for regional talks with South-East Asian Governments, got short shrift from the Chinese as a propaganda device. Vietnam, in conjunction with Laos and the Phnom Penh regime, proposed a conference to be held in Vientiane, Kuala Lumpur or Jakarta to solve "mutually outstanding problems"—a vague formula which infuriated South-East Asian leaders.

But whatever the diplomatic manoeuvring, even those who admit to anti-Vietnamese bias concede that Heng Samrin's *Kampuchea is well on the way* to feeding itself, and is now sustainable as a political entity.

South Africa re-examines closed shops

BY BERNARD SIMON IN JOHANNESBURG

THE SYSTEM of closed shop agreements, one of the major obstacles to job advancement by *blacks in South Africa*, is being re-examined by the Government's National Manpower Commission.

The commission expects to submit its recommendations to the authorities by the middle of the year, according to Dr. Hennie Reynders, its chairman.

Dr. Reynders refused to say if the investigation would result in the scrapping of these agreements. "We're trying to look at them in an objective, unemotional fashion," he said.

Closed shop agreements between employers and white trade unions have been a far more effective barrier than statutory job reservation in keeping blacks out of skilled jobs.

The agreements take various forms. The most usual is the stipulation that only members of all-white unions may perform certain skilled jobs. Almost 50 closed shop agreements are at present in force. They cover 340,000 workers in about 20 industries, notably in the steel and engineering sector.

Two years ago, the Wiehahn Commission on South Africa's labour laws recommended that closed shop agreements should be allowed to continue. But the Government accepted a minority opinion that only existing agreements should be enforced, and that no new ones would be allowed.

The Government is unlikely to abolish the closed shop practice completely, but may attempt to find a formula which discourages the system's application on a racial basis.

This is already happening in a section of the mining industry, where negotiations are taking place for a multi-racial union to establish a closed shop.

The recent surge in industrial unrest in South Africa is reflected in the disclosure that there were 207 strikes and work stoppages in the country last year, against 101 in 1979. The number of man-days lost almost trebled—from 67,000 in 1979 to 175,000 in 1980.

Dr. Reynders said that the sharp increase was consistent with a "transitional phase" of industrial relations in which both unions and employers were inexperienced in labour negotiations.

He also disclosed that only 82 black apprentices have been registered by the Government since restrictions on the training of black artisans were lifted in mid-1979. The target was 10,000 registrations a year, he added.

Companies have reported long delays in the processing of applications. It is believed that about 300 applications are pending.

The number of immigrants arriving in South Africa from the UK has risen sharply in the past year, according to figures released by the Department of Statistics. Arrivals in the five months from July to November 1980 totalled 5,182, against 4,030 in the first half of the year. In November, 1,125 immigrants arrived from the UK, compared to only 414 in November 1979.

South Africa had a net gain of 16,156 immigrants in the first 11 months of 1980, against a gain of 2,216 in the same period of 1979. Several companies, notably in the computer and engineering fields, have actively recruited staff in the UK and Europe in the past year.

Uganda leaders asked to protect British investors

KAMPALA — Mr. Richard Luce, British Under-Secretary of State, Foreign and Commonwealth Office, has asked Ugandan leaders to protect British investors against any future nationalisation of their interests, he said yesterday.

Mr. Luce is the first Minister from the West to visit Uganda since President Milton Obote took power after the December elections. He had discussed the matter with Dr. Obote, Mr. Paulo Muwanga the Vice-President and Mr. Otema Allimadi, the Prime Minister.

Before leaving Kampala for Nairobi, where he will meet Mr. Robert Ouko, Kenya's Foreign Minister, Mr. Luce stated: "I am happy about Dr. Obote's commitment to a mixed economy and no nationalisation."

British investors were apprehensive about putting money into Uganda because when Dr. Obote first ruled Uganda in 1969, he nationalised 60 per cent of the shares in every foreign business.

When Idi Amin was in power, he grabbed foreign businesses and handed them out to friends and relations.

Mr. Luce, acting for Lord Carrington, Britain's Foreign Secretary, said he had discussed the *possibility of a bilateral agreement* to protect British investment.

Dr. Obote was committed to compensating 6,000 claimants whose businesses were seized by Amin, but no figures had been agreed as yet.

"I am pleased that such firms as Mitchell Coutts have decided to come back to Uganda and take joint stake with the Government in tea plantations," Mr. Luce went on.

AP

Thailand likely to receive 40% more aid

THAILAND IS expected to receive an increase of about 40 per cent in official aid this year, bringing the total to about $1.2bn, excluding loans from oil-surplus countries. About three-quarters of this has already been committed. **David White reports from Paris.**

The Government's external financing plans, totalling $2.1bn including foreign investment flow and international bank borrowing, were endorsed at a meeting between Thai officials and representatives of 12 donor countries and leading multilateral institutions.

The bulk of the aid funds will come from the World Bank, *Japan and the Asian Development* Bank. The figures do not include special relief aid for refugees.

Thailand's total foreign debt outstanding in the public sector is expected to reach $4.7bn by the end of this year.

Non-aligned talks

The non-aligned movement started preparatory meetings in New Delhi yesterday, for a Ministerial conference that faces a host of divisive issues including Afghanistan, Kampuchea and the Gulf War, Reuter reports.

Iraq attended yesterday's session of the 35-member co-ordinating bureau, meeting to finalise a report on the movement's activities since its leaders met in Havana in 1979.

S. Korea arrests

Three candidates for South Korea's Presidential Electoral College were arrested yesterday on suspicion of bribing or illegally entertaining eligible voters, prosecution officials said, Reuter reports from Seoul. Two were from President Chun Doo-Hwan's ruling Democratic Justice Party, and one from the main opposition Democratic Korea Party. The officials said the three would be charged with breaking the Presidential election law.

Hua appears again

CHINA'S Communist Party chairman, Hua Guofeng, whom observers believe is ready to resign under pressure, made his first appearance in 10 weeks yesterday, according to Peking Radio, AP-DJ reports from Peking.

U.S. officials calm fears over neutron bomb plans

BY DAVID SUCHAN IN WASHINGTON

THE REAGAN Administration has barely begun to tackle the controversial decision of whether to start manufacturing neutron weapons in the U.S. for deployment in Western Europe, officials said yesterday.

To calm any European fears that a sudden decision might be sprung on them, the officials claimed that Mr. Caspar Weinberger, the U.S. Defence Secretary, was expressing a view personal to himself and particular to his Department when he said on Tuesday that he "leaned toward" making neutron bombs and basing them in Europe.

The U.S. military has long considered neutron weapons a useful counter to the Warsaw Pact superiority in tanks. The weapon is really a warhead, not a bomb, because it would be fitted on top of Lanice missiles or artillery shell. It has the special features of increased radiation to kill even those sheltered in tanks, and a reduced blast to pinpoint its effect and spare unnancessary property damage.

Since the neutron issue has not yet risen to the level of inter-departmental discussion in Washington, the political complexities of winning allied support for basing the weapons in Europe have not yet been explored. Mr. Alexander Haig, the U.S. Secretary of State, was a neutron enthusiast when he searved as NATO commander during former President Jimmy Carter's controversial handling of the issue in 1977-78.

But under his new hat at the State Department, Mr. Haig must be aware of the political minefield surrounding the neutron issue—he experienced it at first hand—and may weigh in with the White House to urge that NATO could first more fruitfully address broader issues of allied defence spending, conventional forces, and an alliance division of labour between Europe and the Middle East.

RADIO MOSCOW said yesterday that the possible deployment of U.S. neutron weapons in western Europe "cannot but cause alarm at the prospects of world peace and the easing of tension," AP reports. An evening news broadcast on state television said Mr. Weinberger's statement "evoked indignation and fear throughout the world." A Tass commentary linked the issue to the NATO decision to deploy medium-range Pershing missiles in Europe, and the failure of the U.S. Senate to ratify the SALT-2 agreement.

Mr. Weinberger seemed alive to this, when he said "We would certainly want to consult with all of our allies and friends, and try to persuade them that we have a greater degree of constancy this time."

He was referring to Mr. Carter's April 1978 decision to postpone full production and thus deployment of the neutron weapon.

But Reagan aides claim to eschew any simplistic idea that simply reversing the Carter decision would undo the damage. They say they know that what Europeans disliked was not Mr. Carter's postponement of neutron manufacture, but the manner in which he arrived at it—first urging leaders like Herr Helmut Schmidt the West German Chancellor, and then Mr. James Callaghan, the British Prime Minister, to go out on a limb of *public support for it, then saw*ing them off.

The U.S. has continued to develop certain neutron weapon components, allowing it now, officials say, to switch the Lance missiles and 8-in artillery pieces to neutron warheads fairly quickly.

Neutron supporters in Washington argue that its deployment would not lower the nuclear threshold, because it would simply replace another kind of tactical nuclear weapon. Opponents counter that since the neutron weapon has more geographic precision, it is easier for political leaders to order its use.

Jonathan Carr adds from Bonn: The West German Government is looking for *further clarification* of U.S. intentions.

But it also says discussion of production and possible deployment of neutron weapons in Western Europe is a matter for the whole NATO alliance, not just Washington and Bonn.

West Germany has not so far had a detailed report from the American side, but the Bonn *Foreign and Defence Ministers* are visiting Washington next month when more could be learned of U.S. thinking.

Chrysler close to loan deal in Canada

By Robert Gibbens in Montreal

MR. HERB GRAY, the Canadian Industry Minister, has indicated that agreement is close with Chrysler Canada for new government loan guarantees for the ailing car manufacturer. In return Chrysler Canada would *step up* its investment programme in Canada to an amount nearer its former commitment of C$1bn (£357m) by 1983.

Confirmed Canadian Government loan guarantees are needed by Chrysler to give its parent company access to the full aid package just negotiated with the U.S. Government.

The United Auto Workers union, after talks with Mr. Gray in Ottawa, said Chrysler Canada had committed itself to investing between C$650m and C$750m of the original C$1bn planned. A week ago Chrysler said it could not afford to invest more than C$400m.

In return, the Federal Government would confirm a C$200m loan guarantee promised last year when Chrysler's troubles surfaced.

UK 'warned Trudeau' on constitutional reform plan

BY VICTOR MACKIE IN OTTAWA

STERN warnings were given to the Canadian Government last December by the British Government that the constitutional reform package proposed by Mr. Pierre Trudeau, the Prime Minister, faced "appalling difficulties" in London and might *not be adopted by the British* Parliament, according to a document published in a Canadian newspaper yesterday.

The warnings were conveyed on December 19 to Mr. Trudeau and to Mr. Mark MacGuigan, Canada's Secretary of State, by Mr. Francis Pym, then British Defence Minister and now the Leader of the House at Westminster.

A copy of the minutes of the Pym-MacGuigan conversation, prepared by Canadian sources, was published on the front page of the Toronto Globe and Mail yesterday.

Canada's constitution at present is an Act of the British Parliament, which can only be amended in Westminster. There is broad support for Mr. Trudeau's plan to "patriate" the constitution but he has also asked Westminster to attach to the constitution a Bill of Rights, dealing with the vexed question of language rights among other matters, and a formula for future amendments before handing over control to Canada.

Yesterday's disclosure in the Canadian Press of Britain's reservations is likely to cause grave embarrassment. The British were so concerned in December, said the newspaper, that Mr. Pym warned that the Canadian request and possible British refusal or long delay might risk bilateral relations, the future of the Commonwealth and *international* relations generally.

Mr. Pym warned repeatedly that the British Government could probably not push the constitutional reform package through Westminster. He also reported that senior British Ministers in the House of Lords including Lord Carrington, the Foreign Secretary, doubted the package could get through the Lords.

Delaware legislates to lure banks

BY DAVID LASCELLES IN NEW YORK

THE STATE of Delaware is about to enact legislation which should make it highly attractive for banks to base subsidiaries there and which heralds an attempt by the state to establish itself as "the Luxembourg of the U.S." for banking.

The legislation has won the backing of big banks like Chase Manhattan and Morgan Guaranty. *It is highly* controversial because it is bound to lure banking business away from other states and set a precedent for bank law elsewhere in the U.S.

Delaware, which is to corporate law what Panama is to shipping, pushed the Financial Centre Development Act through its legislature in only three weeks, *an extraordinary accom*plishment given its complexity. It now only awaits the signature of Mr. Pierre S. du Pont, the State Governor.

The law reduces tax on bank operations and removes many constraints on banking, like interest rate ceilings and curbs on fees, imposed by other states. Banks will be subject to an initial tax rate of only 8.7 per cent declining to 2.7 per cent *for income over $30m (£13m)*—a rare example of a regressive income tax. Although this is not the lowest tax rate in the U.S., it is better than those in nearby New York, New Jersey and Pennsylvania, as well as many of the big banking states further west.

Both Chase and Morgan have pledged to open subsidiaries in *Delaware in the near future,* creating several hundred jobs, which is one of the main intentions of the act.

Other banks have expressed strong interest, but consumer groups bitterly oppose the Bill as an unabashed sell-out to the banking industry, particularly when it was discovered that Chase and Morgan had a hand in formulating its clauses.

The Act fuels the growing controversy over bank reform in the U.S. With banks still subject to decades-old restrictions on where and how they can operate, more states are deliberately easing their rules to entice banks from the more tightly regulated states.

The more this patchwork deregulation goes on, the more pressing the argument becomes *for a solution at Federal level.*

Italians win $800m India urea contract

By Rupert Cornwell in Rome

SNAMPROGETTI, the engineering subsidiary of the ENI state-owned Italian energy agency, has won a contract worth $800m (£340m) to provide technology and carry out general contracting work for a fertiliser development programme in India.

*The plans involve the construc*tion of seven urea plants, with an overall capacity of 9,000 tonnes a day. Snam's initial involvement, which is likely to expand as further orders are placed by the Indian authorities, covers the licence for the use of its own production process, basic plant engineering and procurement of equipment abroad.

The contract for the first four plants, each with a daily capacity of 1,100 tonnes, was signed last week by Sig. Nicola Melodia, chairman of Snamprogetti, and Mr. Paul Pothen, managing director of Krishak Bharati Co-operative. They will be built in the state of Gujarat.

The three remaining plants, with a daily throughput of 1,500 tonnes, will be located in the state of Maharashtra, and operated by Rashtriya Chemicals and Fertilisers.

Just how much the contract will eventually be worth to the Italian group is hard to say. Thus far the value is perhaps only 10 per cent of the total cost of the projects, but this figure is expected to increase as supplementary orders are placed.

Snam has also concluded a third agreement under which, in return for licence fees, it commits itself to make its technology available to India for future urea plant development.

AP-DJ reports from Milan: Nuova Innocenti has signed an agreement with the Daihatsu group of Japan to get an undisclosed number of car engines for its production. The company recently made public plans for a new car, powered by a low consumption engine derived from motorcycles.

It did not disclose financial details of the agreement.

"Engines will be assembled on a new model, in addition to the mini series which is going to be continued," a company official said. All parts of the new model, except the Daihatsu engine, would be made in Italy.

Nuova Innocenti said recently it planned to import 150,000 Japanese engines in five years to boost the company output.

Japanese hint at car export cut

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAPANESE car manufacturers gave a clear hint yesterday that they would cut their share of the UK new car market to compensate for overshooting the *expected level in 1980.*

The strength of the yen against other currencies would also tend to stabilise Japanese car exports to Western Europe and the U.S. this year, Mr. Takashi Ishihara, president of the Japanese Automobile Manufacturers' Association (JAMA), predicted.

"I do not foresee any substantial growth in exports," he added.

A joint communique issued after two days of top-level meetings between manufacturers from Britain and Japan also suggested that this year the performance of the UK market will be much more closely monitored.

In 1980 the Japanese share of the UK new car market rose to 11.9 per cent compared with the 10 to 11 per cent that the British industry expected.

This was partly because importers of Japanese cars made early forecasts about 1980 sales *which turned out to be over-*optimistic.

The idea that the Japanese might reduce their market share in 1981 to about 9 per cent, so as to bring the average for two years back to the 10-11 per cent level, was first floated by Mr. John Nott while he was still UK Trade Secretary.

The delegation from the UK *Society of Motor Manufacturers* and Traders (SMMT) which met representatives of JAMA in Lisbon, certainly mentioned Mr. Nott's suggestion.

However, the communique, as usual, was very carefully worded and contained no firm commitment from the Japanese about shipments to the UK or potential market shares.

But it contained the key phrase that it "was hoped that the Japanese would adopt an attitude of even more prudent marketing" this year. In the past the Japanese have promised simply to be "prudent."

The communique mentioned that "information would be exchanged on a more regular basis. The SMMT's forecasts for 1981 are to be jointly discussed again by officials at the end of March or early in April.

The next top-level meeting between JAMA and the SMMT is planned to take place earlier *than usual, in June or early* July.

The present SMMT forecast is that new car sales in Britain will fall from 1.51m last year to 1.41m.

The communique made the point that Japanese shipments of light commercial vehicles had also been discussed. The Japanese share of UK light commercial sales reached 12.7 per cent in 1980—up from 2.5 per cent in 1975 when the voluntary car restrictions started.

The SMMT forecast is that the light commercial sector will be down to 180,000 vehicles this year compared with 193,000 in 1980.

Mr. Ishihara, who is president of Nissan, said after the meeting that his company's plan to build a car plant in Britain would not affect the Japanese manufacturers' approach to export shipments to the UK.

The SMMT delegation, when questioned whether the cars to be produced at the Nissan plant in Britain would be counted as Japanese imports, said it was too early to discuss such issues.

Mr. Ishihara also disclosed that JAMA will meet West European car makers in April or May at a European venue to discuss the level of Japanese exports.

Exim cancels China commitment

WASHINGTON — The U.S. Export-Import Bank has cancelled a $60m loan commitment to Wean United, a Pittsburgh-based manufacturer of steel mill equipment. In the wake of a Chinese government decision to delay construction of a major steel mill project near Shanghai.

Eximbank officials said the preliminary commitment, which had been requested by Wean United, was allowed to expire at the end of 1980. It was approved in April, 1980.

This means that the U.S. export credit agency has not got any sort of commitments on its books at this time to help finance exports of U.S. goods to China, although Mr. Walter Mondale, the former U.S. Vice-President, on a visit to Peking, told the Chinese Government that the Eximbank would be prepared to approve several billion dollars in loans to China over a five-year period, if the Chinese Government sought such credits.

It is understood that Japanese and West German concerns, members of a consortium that also included Wean United, currently are seeking clarification in Peking of China's future plans for steel mill projects. U.S. officials said Wean United had expected to be the supplier of steel mill rolling equipment valued at about $30.5m for the Shanghai project.

● China has given Japanese steel companies an additional export order for 128,000 tons of steel products for the first half of 1981.

The additional order brings to about 845,000 tons the total amount of steel products the Chinese contracted for the first *six months of this year.*

The total volume, however, still falls short of the 1.2m tons Japan exported to China in the second half of last year.

AP-DJ

Shipbuilding orders rise 33%

By Our Shipping Correspondent

THE ORDERBOOKS of the world's shipyards have risen by nearly a third over the past year but, in recent months, there has been negligible growth. Only Japanese, Korean and Romanian shipyards continue to increase their orderbooks.

Latest figures published by The Motor Ship magazine show that 1,603 ships of more than 2,000 dwt, totalling 47.8m dwt, were on order at the world's shipyards at the beginning of this year. This compares with 1,434 ships totalling 36.4m dwt, a year ago.

Japanese shipyards account for 39 per cent of the world *orderbook and the shipyards* of Korea, Brazil, Spain, Romania and the U.S. account for another quarter.

SHIPYARD ORDERBOOKS*

JAN. 1, 1981	No.	m. dw
Japan	426	18.7
Korea	57	3.3
Brazil	99	3.2
Spain	109	2.5
Romania	40	1.8
U.S.A.	47	1.7
Poland	59	1.6
Yugoslavia	58	1.4
Great Britain	50	1.3
Taiwan	26	1.3
World total	1,603	47.8

* Ships of over 2,000 dwt.
Source: The Motor Ship

UK sales to Comecon rise 22%

BY OUR WORLD TRADE STAFF

THE VALUE of British exports to Eastern Europe rose 22 per cent last year, while sales to the USSR rose by 9 per cent, the East European Trade Council said yesterday. Prospects for this year look patchy, the council said.

The sharpest gains were recorded in East Germany — 62 per cent — and Romania — 41 per cent. Sales to Bulgaria climbed 30 per cent, those to Hungary and Poland went up 13 per cent, while exports to Czechoslovakia rose 9 per cent.

Imports from all the East *European countries including* the USSR declined, with the exception of Bulgaria, from which purchases rose 17 per cent, and from Albania, with which trade is minimal.

The result of these changes left the UK with a net trade deficit of £150m with the Comecon countries last year. Exports totalled £1.11bn and imports £1.28bn.

But the figures reflect, especially in the case of the USSR, business signed in 1978-79. Whether the improvement in exports can be sustained depends largely on the evolution of economic policy in Eastern Europe.

By the middle of the year Soviet buying policies under the new Five Year Plan should be more apparent, but may not be translated into exports on a substantial scale until 1982. Poland's external finance problems suggest that sales there will probably fall this year.

Trade with Hungary and Czechoslovakia appears soundly *based and set for reasonable* expansion. The same is true for East Germany, although the figures are distorted to the extent that they take into account the special trade in silver.

In Romania, there may be further problems with Bucharest's increasing insistence on counter-trading, but the *outlook is good in Bulgaria,* given the new emphasis on joint venture enterprises with Western concerns.

The eastward march of Western fashion

BY PAUL CHEESERIGHT

LEE COOPER made what many negotiators think is the worst possible mistake in the complicated discussions leading to its £25m jeans deal in Czechoslovakia. And it made the mistake on the very first day—it revealed its minimum price.

But it never deviated from that initial quotation. As the negotiations spread out over two years, they centred on the price the Czech authorities would pay above that base level—a price depending on the nature of the service Lee Cooper would give.

The discussions had to be *painstaking because of the five* Czech organisations involved.

But before this level of detail could be reached, Lee Cooper had to convince the Czech authorities that it was in their interests to make an extensive foreign exchange commitment to produce an item which in many respects, is a symbol of Western decadence.

The basic argument in favour of Czech jeans was that the demand for them existed, and it should be met locally: better that than black market trading and smuggling.

From the Czech point of view there was another factor. It has a highly developed clothing industry, but its products have been looking dated.

All of this sprang out of a chance meeting Mr. Michael Cooper, the managing director of Lee Cooper Licensing Services, had with the manager of a large Czech sewing company at the Belgrade textile fair in the late summer of 1978.

Following up this meeting, Mr. Cooper peppered the Czechs with letters and telexes until, in February, 1979, he was asked to present formal proposals.

The first points which had to be settled were the duration of the agreement and the volume of production. Lee Cooper at first said five years, but the Czechs wanted, and eventually obtained, six, on the basis of one year to set up the opera*tion and five years of produc*tion. It was quickly agreed that annual volume would be 1m pairs.

The hardest bargaining of all —roughly in the period mid-1979 to mid-1980—came on the level of the fees Lee Cooper would receive, what those fees would reflect and when they should be paid.

In essence, Lee Cooper was offering its technology, design and trade mark, but, to be paid for this, it had to combine its basic offer with the provision of various services.

So it has agreed to help train Czech technicians in its UK factories over a six-year period. It has agreed to be the buying agent for the machinery needed to establish the Czech factory and for the raw materials the factory will use.

The licensing fee Lee Cooper will eventually receive reflects the output of the plant and it will be paid in annual instalments.

The centre of activity now shifts to Presov, near the eastern border of Czechoslovakia, where the factory will be set up. Up to 15 per cent of its production may be exported elsewhere in Comecon, all bearing the Lee Cooper trademark. Up to 10 per cent of the output can be exported to the West but only through Lee Cooper itself.

The Comecon export provision is welcome to Lee Cooper, especially if it draws attention to the trademark in the USSR. A licensing ageement in the USSR is the big prize. The giants of the industry, the makers of Levi's and Wrangler, have been negotiating in Moscow about Soviet favtories for years. Lee Cooper believes the market is big enough for the three of them, and for the Italian company which has apparently preempted them.

The company is committed to an Eastern strategy, and the Czech venture follows the establishment of a factory in Yugoslavia. Its favoured method of expansion is licensed manufacture, to complement the spread of its factories through Western *Europe.*

Nissan's sales strategists put down roots in Tennessee

BY IAN HARGREAVES IN NASHVILLE

MR. MASATAKA OKUMA, executive vice-president of the Nissan Motor Company, is having quite a week.

Last Thursday he was sitting in the strangers' gallery of the House of Commons, listening to one of Mrs. Margaret Thatcher's Industry Ministers announce tentative plans to build a Datsun car plant in Britain.

From there he went to Italy, where he presided over the establishment of the top executive committee of Nissan's fledgling joint venture with Alfa Romeo.

By Monday night he was in Nashville, Tennessee, suffering from backache and skipping a celebratory dinner on the eve of a ground-breaking ceremony *for the company's $300m pick*-up truck plant in Smyrna, a small town 15 miles south of Nashville.

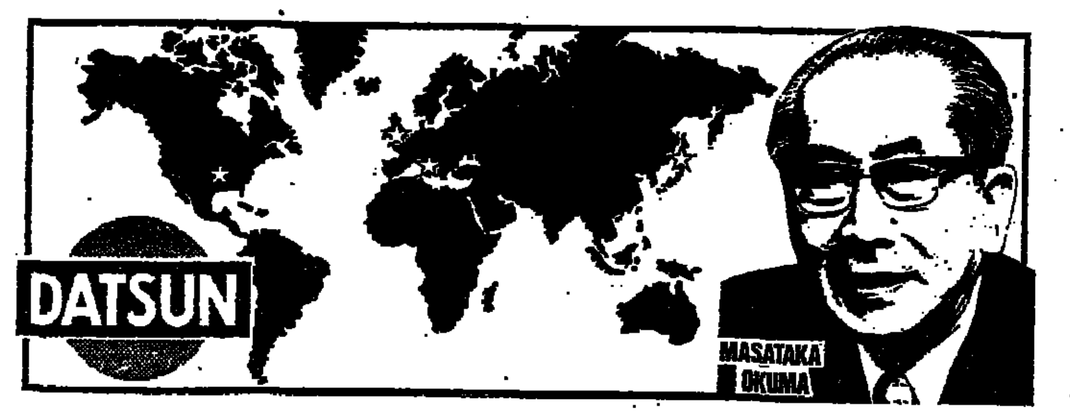
On Tuesday morning he was on a podium in a green-and-red-striped marquee on the 850-acre plant site, which lies in rolling countryside alongside the Davy Crockett Motel, struggling to make a formal speech above the howling abuse of 1,000 construction workers, angry because Nissan had awarded the plant's main con*struction contract to a South* Carolina company with an anti-union reputation.

Today Mr. Okuma is in the more peaceful climate of his company's Los Angeles sales office, winding up inquiries into the reasons for a tail-off in Datsun's U.S. sales of cars and trucks since August, made worse by an increase in the duty on trucks from 4 to 25 per cent. Tomorrow he goes back home to Tokyo.

It may not be quite a typical week in Mr. Okuma's life, but as head of Nissan's international business and in effect the company's No. 2 executive, he carries the main burden of planning and implementing Nissan's rapidly emerging world *strategy.*

The pellmell pace of announcements from Nissan in Spain, Italy, the U.S. and Britain in recent months conceals the fact that its approach to securing international markets has been gestating for a long time.

One main reason for this hesitation was fear of unions and inefficient labour practices in Europe and the U.S.—a fear which the events of Tuesday in Smyrna suggest are not without foundation.



So far as Smyrna and its 8,500 residents are concerned, there *is no doubt that the violent* picket at the ground-breaking and the sentiments expressed are out of tune with most local opinion. "I just saw two people from the other side of Memphis, that's 230 miles away," said Mr. Lytle Bowen, who is strongly in favour of Nissan even though he runs a Chevrolet dealership in Smyrna.

Today, Tennessee is still a wretched 42nd in the 50 States' family income league, and unemployment is running at 7.2 per cent, 0.3 per cent above the national average, although Rutherford County, where Smyrna is, is at the better end of this scale.

So, by any argument, the 2,200 direct jobs promised by Nissan and the 7,000 or so indirect jobs, as well as tax input, plus the kudos of playing host to the biggest single Japanese investment ever in the U.S., are powerful claims on the community's sympathy.

And for men like Mr. Sam Ridley, the dumpy mayor of Smyrna for over 30 years — "He created Smyrna, owns much of it and runs it," said one admiring *fellow citizen* — Nissan's arrival is the climax of years of economic evangelism about the fair climate, natural, social and industrial, of middle Tennessee. When his brief speech offering the keys of the town to Nissan's leaders was shouted down, the expression on his face was that of an artist watching a madman rush through a gallery of his life's work slashing at canvasses.

But the protests and the threat of subsequent sabotage to the site, of the kind suffered on some other non-union sites in Nashville, does not change the fundamentals of Tennessee's benign industrial relations climate. Indeed, much of the construction workers' desperation stems from recognition of this fact. Tennessee is a committed "right to work" state, which means that closed union *shops are illegal* and only 19 per cent of non-farm workers carry union cards.

This does not necessarily mean, however, that Datsun will escape the clutches of the United Auto Workers, who have a powerful hold on the motor industry even in the southern states. The company's position is that it will allow workers to vote on the subject, but will not yet commit itself on whether it will match the union's pay scales when the 120,000-vehicle-a-year plant starts up in late 1983.

The desire to avoid unions is not among the four main reasons given by Mr. Marvin Runyon, who worked for Ford for 37 years *before becoming* head of Nissan Motor Manufacturing U.S.A. last August. His four reasons for preferring Smyrna over sites in Georgia and elsewhere are:

● Adequate land to allow Nissan to expand from initial light truck manufacture into other commercial vehicles and possibly later into cars.

● Proximity to key markets. Some 35 per cent of all light pick-ups are sold within 500 miles of Smyrna.

● Transport. Initially, *Nissan* will supply from Japan 62 per cent of parts for the trucks, and it wants a secure transport link to enable inventories to be kept to a minimum, Japanese-style. For Smyrna, parts can go by sea to Los Angeles and then by rail container. For Georgia, ships would have had to pass through the Panama Canal, *where delays* are common, to dock at Savannah.

● Co-operative local government. Mr. Runyon says the financial incentives offered—a mixture of tax breaks, infrastructure provision and training assistance, valued by outsiders at $39m—were almost identical in the states studied.

Mr. Okuma admits his company *is taking* chances by bursting out on so many frontiers at once, although he argues that the political and economic climates are pushing Toyota, Datsun's larger competitor, to follow suit.

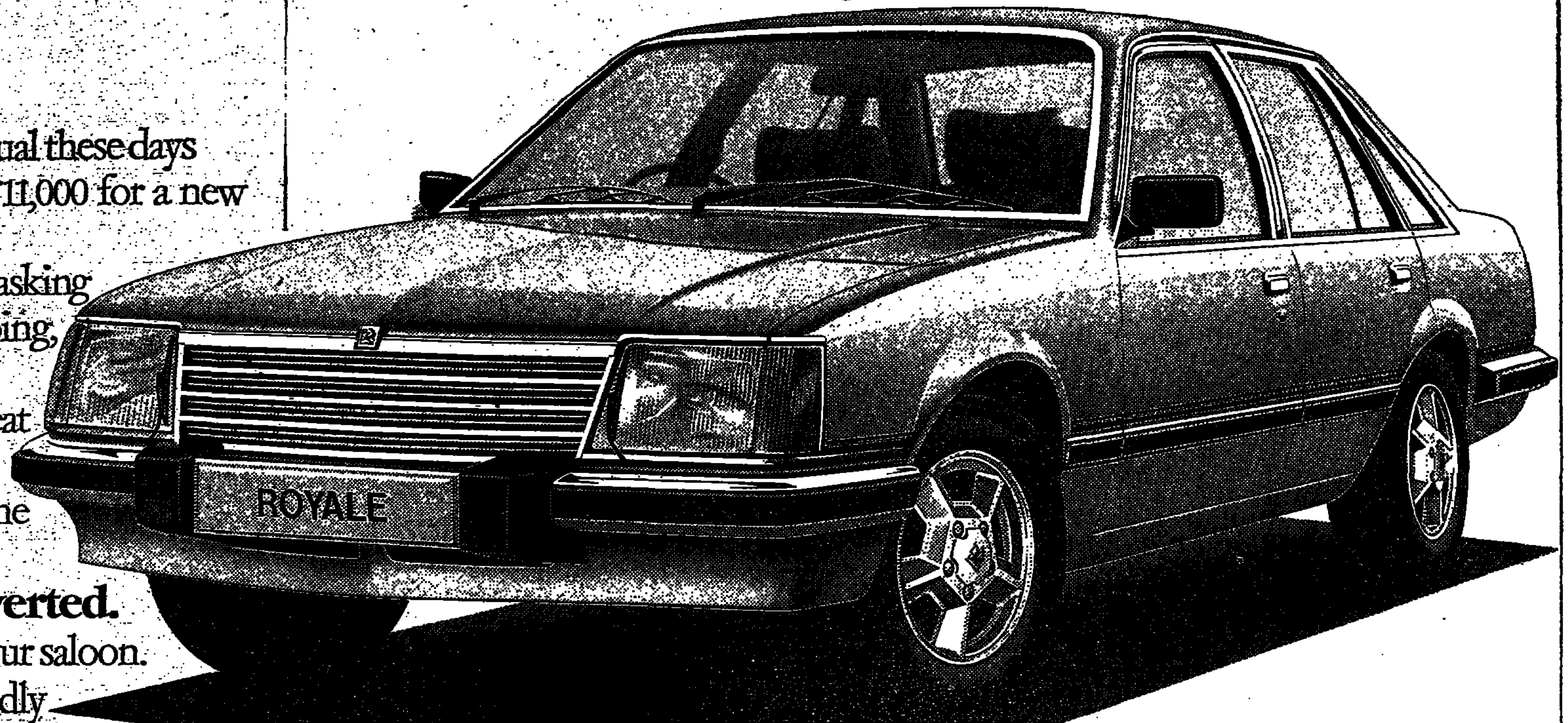
In Britain, the approach has been to get approval from Government and union leadership before signing any agreements. In the U.S., the policy is first to build the plant and then sort it out with the unions. The difference illustrates the sophistication of Nissan's planning, and there is no doubt that in Britain, too, Nissan has tried to pick a moment when the never-ending three-cornered tussle between unions, government and management at BL appears at last to be running in favour of the latter.

NISSAN

But, like most Japanese motor industry executives, Mr. Okuma warns against expecting too much from Tokyo and too little from Detroit. With Detroit's output of small cars rapidly increasing, the Japanese are genuinely fearful of competition from Ford and General Motors. "At the present time we cannot judge what will happen in the market," he says.

By 1983, when the first made-in-U.S. Datsuns are in the showrooms, the answer to some of Mr. Okuma's other questions will also be clearer. So, too, may be the next stage of Nissan's U.S. strategy.

Let's assume you don't wish to look like everyone else.



It's nothing unusual these days to be asked to pay £11,000 for a new motor car.

But apparently it's asking a lot more if, in so doing, you wish to separate yourself from the great mass of 2.8 litre look-alikes which inhabit the company car park.

Identity crisis averted.

Glance again at our saloon. The Royale could hardly be described as look-alike, neither does it ask you to pay any more, nor are there masses of them.

The engine delivers all you might expect from 6 cylinders. We'll just mention a top speed of 115 mph.*

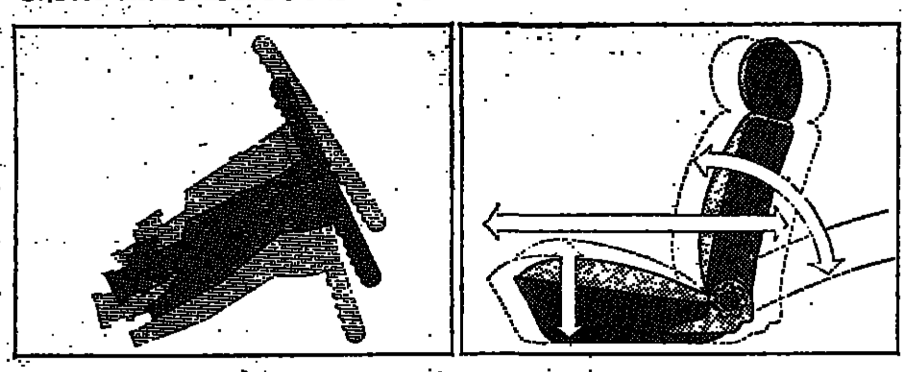
And because the engine develops maximum torque at only 3400 rpm, you never get the feeling it's overstretching itself, no matter how much of a hurry you're in.

You'll feel good inside.

The interior appointments could well be termed 'by appointment'. The doors lock centrally, the sun roof is steel and the radio/stereo cassette player has not two speakers but three.

The tinted windows are electrically operated as is the release for the boot.†

Each seat offers the comforts of crushed velour plus its own fully adjustable head restraint.



All directors were not created equal.

Perhaps most important, the driver's seat adjusts for height as well as for reach and rake, and the steering wheel is tiltable. A couple of minor corrections could make you not only a more comfortable driver, but a much safer driver.

You can rely on our support.

You can see that the Royale has a beautifully aerodynamic shape.

What you can't see is the brilliantly engineered suspension that supports it and you to create a ride of quite joyful smoothness.

Also what the eagle-eyed amongst you won't have failed to notice is that the Coupé in our picture sports a '3 litre petrol injection' badge. (So does the Saloon, they're our latest additions. Royale 3 litre Saloon: £12,046. Royale 3 litre Coupé: £12,633).*

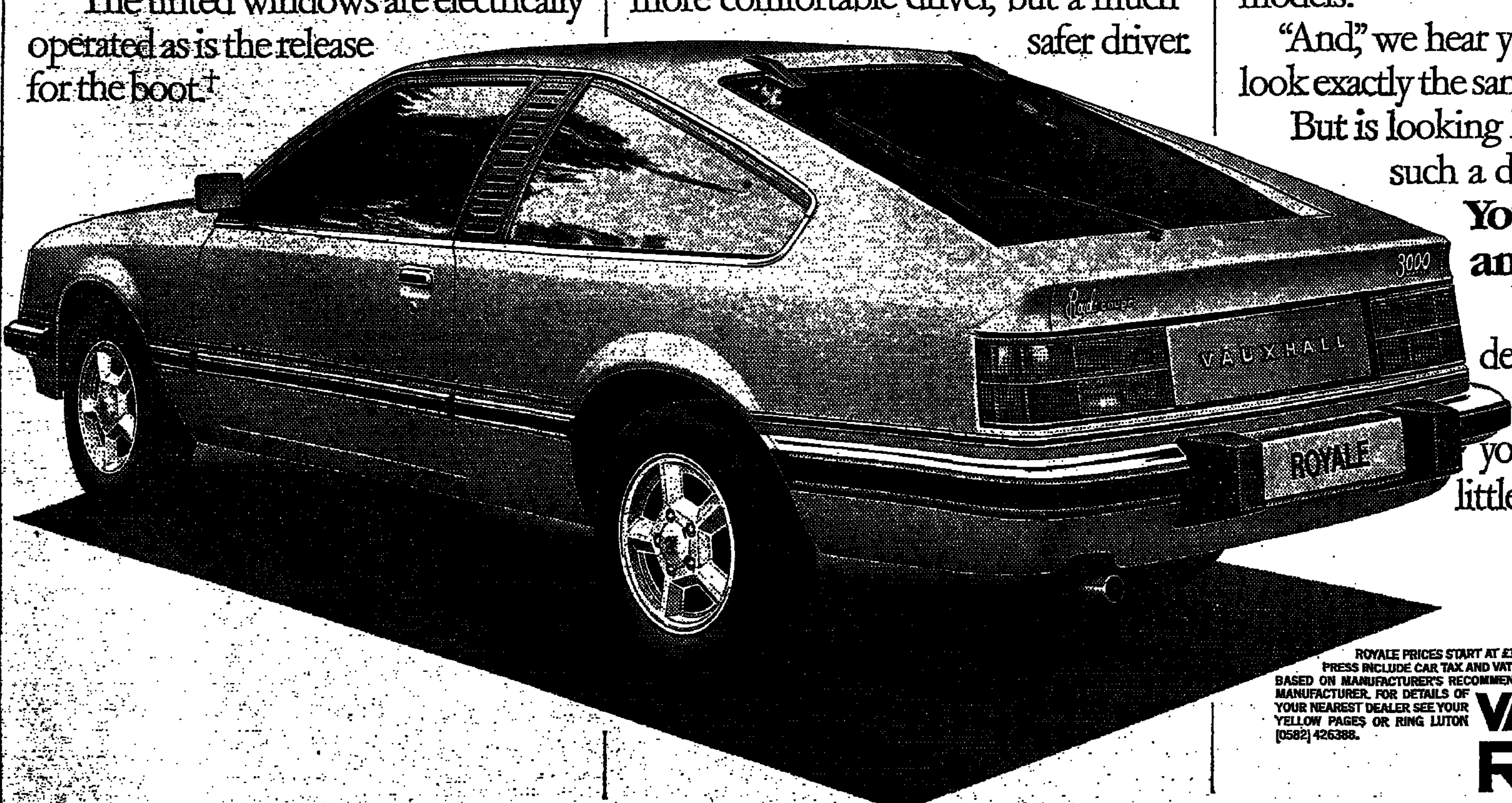
Naturally, overall performance is an improvement on our 2.8 litre models.

"And," we hear you say, "2.8 and 3.0 look exactly the same."

But is looking like another Royale such a dreadful burden?

Your driving ambition realised.

See your Vauxhall dealer. Once you've tried the Royale, you'll realise there's very little further you can go.



ROYALE PRICES START AT £11,012. ALL PRICES CORRECT AT TIME OF GOING TO PRESS INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES, AND ARE BASED ON MANUFACTURER'S RECOMMENDED RETAIL PRICES. †SALOON ONLY. *SOURCE: MANUFACTURER. FOR DETAILS OF YOUR NEAREST DEALER SEE YOUR YELLOW PAGES OR RING LUTON (0582) 426388.

VAUXHALL ROYALE

Agreement on titanium plant

BY ROY HODSON

BILLITON, the Shell minerals and metals subsidiary, has agreed after negotiations lasting several months, to lead a group to own and manage the £30m titanium plant which is being built on Deeside, North Wales.

Billiton (UK) will own 62.5 per cent of Deeside Titanium. Rolls-Royce will have 20 per cent, and IMI 17.5 per cent.

The ageing ICI titanium sponge plant on Teesside, the only production facility in Britain for the metal, is to close and be replaced by the Deeside installation.

From 1983 Deeside is expected to produce about 5,000 tonnes a year of high quality titanium in granule form for aero engines and other special engineering uses.

The Government looks upon the private sector's acceptance of responsibility for the new titanium plant as welcome support for its industrial policies. The Deeside project was initially in the hands of the National Enterprise Board and for the past year has been managed by Rolls-Royce which itself is 100 per cent government-owned.

The Department of Industry has been active in arranging for responsibility for the plant to be shifted to the private sector. Rolls-Royce took on the project reluctantly to keep it alive and has described it as outside normal Rolls-Royce activities.

The £30m investment in Deeside will be partly financed by a loan facility from the European Coal and Steel Community because the plant will employ among its 280 personnel a large proportion of redundant workers from the British Steel Corporation Shotton works next door.

The participants have not yet decided how much they will need to draw down from the ECSC. They are also providing £10m capital towards the plant in proportion to their shareholdings.

The Deeside plant will be Billiton's first venture into titanium production, although the company is active worldwide in other non-ferrous metals sectors.

Billiton sees its investment as an opportunity to get into a fast-growing high technology market. World demand for titanium has been growing at 12 per cent a year, stimulated by the needs of the aerospace industry and the chemicals industry.

Most of the Deeside titanium granule output will be processed into titanium metal alloy by IMI at its Birmingham plant. IMI will supply Rolls-Royce with alloy and will use some of the output for its own production.

Lloyds chief urges incomes policy

BY DAVID MARSH

THE GOVERNMENT should introduce an incomes policy and should also achieve better fiscal balance rather than relying too much on monetary policies, Sir Jeremy Morse, chairman of Lloyds Bank, said last night.

Sir Jeremy was speaking at an Institute of Bankers dinner in Croydon. He said monetarism was not enough. It needed to be supplemented by other policies working in the same direction.

Sir Jeremy, who has long expounded his belief that the Government should put forward a target for incomes growth, said monetarism had not been discredited.

But it did not seem to be working satisfactorily either in Britain or in the U.S., and the principal difficulties in putting it into practice were the same as those which objectors put forward 10 years ago.

There were three problems: the difficulty of finding a good working measure of money, the length and unpredictability of time-lags between variations in the quantity of money and changes in spending and prices, and the danger of "a damaging volatility in interest rates."

In Britain inflation was falling in spite of 20 per cent growth in the money supply. In the U.S. interst rates had shown great fluctuations while inflation had moderated only slightly from 14 per cent to 12 per cent, he said.

"Surveying all this, the layman has his doubts, while the experts as usual disagree on where the blame lies."

The present Government had taken some initial steps in the wrong direction but had launched its main attack on inflation earlier than its predecessors.

This, with the lack of any incomes policy and the continuing strength of sterling, helped explain the sharp rise in unemployment when the overall decline in the economy had not been much greater than in the 1975 recession.

Turning to bank profits—which the Treasury has hinted it might like to tax in the Budget—Sir Jeremy said it was widely thought the banks were having a good time.

But the trend of profits was coming down. "Taken over the whole cycle, bank profits, far from being excessive, are barely adequate to maintain free capital in real terms."

Conditions of airport use to be tested in court

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE "conditions of use" imposed by the British Airports Authority on airlines using its airports will be tested in the High Court next month.

The authority has sued the British Airways Board and 78 airlines in what is described as a "friendly" action to determine the legal validity of three conditions, relating to disclaimers and indemnities.

It will be the first time the court has been asked to interpret such provisions in the 1977 Unfair Contract Terms Act.

In its writ, issued in January last year, the authority asks for a declaration that the board and the airlines are bound by three paragraphs in the conditions.

The court will be asked to decide whether the "requirement of reasonableness" laid down by the Act applies.

The first paragraph in dispute is the authority's disclaimer of responsibility for any loss or damage to aircraft on the airport or landing or taking off, arising from any act or omission by the authority "unless done with intent to cause damage, or recklessly and with knowledge that damage would probably result."

The second paragraph says airlines will indemnify the authority against any claim for loss, damage or injury by anyone using an aircraft, including any claim arising from acts or omissions by the authority, "unless done with intent to cause damage, or recklessly and with knowledge that damage would probably result."

Thirdly, the disputed conditions say no reduction or exemption from charges will be allowed when airport facilities are unavailable.

Plessey woos U.S. defence market

By Guy de Jonquieres

PLESSEY intends to test the Reagan Administration's commitment to a "two-way street" in NATO military procurement by trying to sell the U.S. Defence Department an advanced battlefield information system which it has developed.

Plessey said it was receiving "some support" from the British Defence Ministry, which backed development of the system. The Ministry had no comment.

The system, known as Wavell, is designed to provide army commanders with up-to-the-minute information on battlefield developments, using mobile computer terminals and display screens linked by a sophisticated electronic communications network.

Wavell is said to be the most advanced system of its type. So far, only the British Army has announced firm orders for it, although efforts are being made to interest other European NATO members.

However, Mr. Frank Chorley, deputy chairman and managing-director of Plessey Electronic Systems, was cautious yesterday about prospects for the sales drive. He said previous British efforts to sell defence equipment to the U.S. had foundered because of opposition in Congress.

He called on the Government to take a more enlightened approach to procurement by awarding more key national contracts to British defence electronics suppliers and stepping up financial and political backing for their efforts to sell abroad.

He was particularly concerned about the outcome of the current competition to supply three NATO radar systems, worth about £90m, for the East Coast of Britain. Plessey faces stiff competition from Hughes of the U.S.

Rates increase

Northampton Borough Council yesterday announced a rates increase of one-third of a penny, bringing the rates levy to 20p in the pound. The council also warned that council house rents and local bus fares will also have to be increased as part of £530,000 cutbacks in spending.

Grattan departure

Mr. David McKechnie, the sales director of Grattan Warehouses, the troubled mail order group, has left the company. Grattan refused to explain his departure or to comment on whether he would be paid compensation for loss of office.

Mr. McKechnie's departure comes just a month after the appointment of Mr. David Jones as chief executive and Mr. John Whitmarsh as management services director.

Council rent up £3.80

NORWICH'S 25,000 council house tenants will have to meet rent increases averaging £3.80 a week, the city's Labour-controlled council decided yesterday.

Gas pipeline

THE organising committee set up by the Government last summer for the new £1bn gas pipeline being planned for the North Sea includes representatives from British Petroleum, the British Gas Corporation and Mobil—not Shell as was wrongly reported yesterday.

Directory trials

A REPORT in yesterday's Financial Times stated incorrectly that electronic telephone directory trials were being held in Britain, instead of in Brittany. We apologise for the error.

Why Belgium sells Britain's cheapest cars

Kenneth Gooding on the unofficial importing maze

THE newspapers are full of advertisements for cut-price new cars, but anyone wanting a real bargain would buy a British-built car in Belgium.

That way you can save about £1,000 on the cost of a Mini and about £4,000 on a Jaguar XJ6, even after paying UK taxes at the border.

Of course, those comparisons are with list prices and everyone knows that these days the dealer just down the road will often give a really big discount on a new car—particularly if, like the Jaguar, it has a big engine.

And many people would not want to take the time to go through all the paraphernalia involved in buying their personal transport on the Continent.

Indeed, the conventional wisdom is that a customer prefers to buy his car from a dealer no more than six miles away from home so he can get it serviced easily—and have a word with the salesman should something go wrong.

More and more dealers are taking the pain out of "buying Continental" and becoming parallel — or unofficial — importers.

The trend was highlighted again this week with the stories about Marinas being imported from Portugal, converted and sold at knock-down prices.

Mr. Ray Purton, for example, is doing a roaring trade in Range-Rovers and Land-Rovers from his dealership at Lamberhurst in Kent, selling about one a day at something like 20 per cent below the official price.

That means he advertises a Range-Rover for £10,500 retail, to the extreme discomfort of authorised dealers who can't buy them from the factory for less than £10,400.

Mr. Purton scours the Continent for his vehicles, picking up large batches at the best price he can find. In his workshops the conversion to right-hand-drive is completed and his advertising attracts customers from many miles away.

BL's warranty does not cover these vehicles but customers get a warranty from an independent finance company which gives them all the cover they would have received from BL, Mr. Purton says.

Converting modern vehicles should present few problems and can be done for a few hundred pounds. After all, most cars are now designed to convert easily because the UK market offers some juicy sales potential.

But BL says that it has found some conversions which have been bodged—not Mr. Purton's —and are potentially dangerous.

There are a number of reasons why cars are relatively cheaper in most Continental markets than in the UK. Different tax rates have an impact of course, and there are informal cartels, and restrictive customs regulations.

But the major reason is that manufacturers charge what the market will bear, and Britain will bear more than most.

Probably this is because so many new cars—at least six out of ten—are bought not by private individuals out of taxed income, but by corporations.

When it "realigned" (reduced) some prices recently, Ford more or less admitted it had pushed them up so far last year that it had left most of the competition behind and out of line. That still did not stop Ford, with its major business coming from fleet sales, taking a record 30 per cent of the market, and the Cortina—one of the cars affected by the price reduction—being Britain's best-seller again last year.

Currency fluctuations play their part in manufacturer's pricing policies. The high value of sterling makes vehicle prices in other currencies look even more attractive.

Belgium is the most competitive Continental market. It is of a reasonable size, which makes it attractive, but it is neutral territory, having no major manufacturer of its own.

There have been parallel car exports to Germany for many years. Manufacturers' pressure on the unofficial exporters was stopped by the EEC Commission, which, in a 1977 test case fined BMW £100,000 and penalised 47 Belgian BMW distributors because they tried to ban parallel exports to other Common Market countries.

In the UK, however, the Department of Transport seems to have put obstacles in the way of this type of free trade—perhaps only temporarily.

Before a new car can be registered in the UK, and allocated a spot on the Swansea computer, the type approval certificate number must be given. In crude terms the type approval requirements ensure that certain standards of design, construction and environmental protection have been met.

But the people who provide the type approval certificates are the car companies' importing agents. The Department of Transport will not supply them to anyone else. No type approval certificate means no registration and without registration the car cannot take to the road.

So for the time being the car importers are protected from the parallel trade.

Cars made in Britain have a type approval number on them when they leave the factory and thus escape the restrictions. Some court hearings are pending about the type approval issue, but the anomaly will persist at least until then.

Talks soon on changes in Perkins structure

By Hazel Duffy, Industrial Correspondent

THE LEGAL and financial restructuring of Perkins Engines into a separate corporate identity, which will enable Massey-Ferguson to sell a stake in its subsidiary, is expected to be completed by the end of the year.

Mr. Jim Felker, Perkins' managing director, said yesterday that the company had not started discussions with possible buyers. But it is expected that talks will begin soon with the prospect of Perkins being given a separate corporate identity for the financial year beginning November 1, 1981.

There is a possibility this could lead to Perkins' shares being quoted on the stock market, as they were before the company was bought by Massey-Ferguson in 1956.

The requirement for Perkins to have a separate identity to Massey-Ferguson's other UK activities was imposed upon the parent company by its British bankers as a condition of the rescue package agreed on January 16. The banks hope that in this way they can ensure that Perkins acquires a broader capital base.

The rescue package agreed with the banks awaits completion by the Canadian Government, and involves the guarantee of a private placement of C$200m (£71m). Talks between Massey and the Canadian Government in Ottawa should be completed in the next few weeks.

Preliminary studies on separating Perkins from Massey's other UK activities were prepared at the time of the rescue talks in London. The operation is expected to be complex, particularly over the loans structure, which is why it will take several months.

Perkins' turnover last year was up by 24 per cent to about £300m and the company made a small operating profit. This was turned into a loss by redundancy costs.

In 12 months, Perkins at Peterborough has cut the workforce by 15 per cent to just over 5,000. Mr. Felker speaking at a ceremony to mark the completion of Perkins' five-millionth engine, forecast that sales this year will be similar to last.

Mr. Felker said the company's cost cutting exercises, and productivity improvements brought about by an agreement with the unions four months ago on greater flexibility, will put it in good shape for the upturn forecast for 1982 in diesel engine demand.

Road federation attacks oil cash 'waste'

BY LYNTON McLAIN, TRANSPORT CORRESPONDENT

THE GOVERNMENT must "stop frittering away the assets of North Sea oil" and earmark half the revenue for investment in roads and other infrastructure, the British Road Federation said yesterday.

In a paper attacking the Government's "perverse" policy on investment, the Federation, Britain's main pro-road lobby group, said: "Far from extending our industrial base we are failing even to protect the industrial base we now enjoy."

Between the first half of 1979 and the second half of 1981 Government investment, actual and proposed, fell by a third. This year Sir Geoffrey Howe, Chancellor of the Exchequer, was set to achieve "the biggest ever cut in Government investment," with a 19.3 per cent reduction expected.

In its paper, Investing in the Future, the federation said more than 9 per cent of Britain's gross domestic product was reinvested in the public sector in roads, housing, water, railways and hospitals 10 years ago. Today, less than 6 per cent is reinvested.

"No other country in the European Community is failing to renew its capital assets," the federation said. Annual total investment in the EEC countries has increased by 12 per cent after inflation since 1975.

Germany is investing 25 per cent more than six years ago and the U.S. is investing more than a quarter more than in 1975.

The federation said lack of investment in the transport infrastructure of Britain may hinder early economic recovery and growth.

Trunk road schemes, valued at £1.1bn are scheduled for England during the next three years, but less than £900m will be available to pay for them, said the federation.

By 1984 a backlog of at least £200m worth of road building schemes will have accumulated.

£10m Express colour order for Odhams

By Elaine Williams

A CONTRACT worth about £10m a year has been awarded to Odhams to print about 3m copies a week of the Sunday Express colour supplement, scheduled to appear in mid-April.

The company, part of Reed International, said the work would take up some of the spare capacity created by the loss of its print contract for the Sunday Telegraph supplement last October. Odhams and the newspaper failed to agree new terms for its long-standing contract.

Odhams is one of the largest gravure printers in the UK, employing about 2,000 people. It is in the process of modernising its plant and will spend £3m this year and more in 1982.

Express Newspapers also negotiated with two other major gravure printers—Bemrose and Sun. It has held talks with wholesalers and retailers on distribution terms.

Earlier this month, Mr. Jocelyn Stevens, the group's chairman and managing director, said that the decision to go ahead would depend on the ability to reach agreement with printers and on keeping production costs down.

The magazine will be printed five weeks in advance.

Redundancies at Cassell in book branch closure

THE GENERAL book division of Cassell—the old-established London publishing house which is now owned by Macmillan, of New York—is to close this year.

About 50 employees, most of them members of the National Union of Journalists and the Society of Graphical and Allied Trades, will be made redundant.

The company will concentrate on publishing its well known reference, medical and school books and its bilingual dictionaries.

Cassell made 45 workers redundant in December, and closure of the general book division will reduce its work force to just over 100. A few best selling works will still be published, including books by Sir Winston Churchill, Nicholas Monsarrat and Robert Graves.

High interest rates and the strong pound are blamed for the difficulties facing book publishers and printers. The value of imports into the UK rose to £104m in the first 10 months of last year from £84m in the same period of 1979.

Oxford University Press to cut 65 printing jobs

BY MAURICE SAMUELSON

OXFORD University Press is to reduce the staff of its printing division by 65 to 70 workers and wants its remaining 530 staff to accept a low single-figure percentage pay rise.

Some parts of the Oxford-based printing division, such as the binders, are running at half capacity and lower sales are forecast for this year.

About 50 of the jobs will be found through redundancies and the rest by non-replacement of retiring staff.

Local members of SOGAT, who are most affected, have accepted the redundancy plans in principle, but negotiations on redundancy pay continue.

● Parson Peebles, the Edinburgh electrical manufacturer, last night described as "unfounded" a report that 1,000 more jobs at the Edinburgh factory were at risk besides the 210 redundancies announced last month.

Stores group made to pay extra dividend

THE Inland Revenue has forced Beatties, the Wolverhampton stores group, to pay an extra dividend for the year ending January, 1980.

The move comes because of the rules applying to close companies, that is, companies controlled by fewer than five shareholders. Close companies must distribute the bulk of their post-tax profits to shareholders as dividends on which tax is payable. If they distribute less, the Inland Revenue is empowered to tax them as if the full distribution had been made.

Normally companies, Beatties included, have been allowed to withhold sufficient post-tax profits to meet investment programmes. However, for the year to January 31, 1980, Beatties did not have a sufficiently heavy investment programme to satisfy the Inland Revenue.

The company has decided to pay an extra dividend of 0.9085p for the period because shareholders would have been taxed as if they had received it anyway.

In the Finance Act, 1980, the rules on distribution by close companies were changed so that there was no requirement for them to distribute post-tax trading income.

Ship guarantee claim against NatWest fails

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN £85,000 claim against National Westminster Bank under a shipbuilding contract guarantee failed in the High Court yesterday.

The claim had been made by Coal Distributors, which in 1975 contracted to buy a ship to be built by Hancocks Shipbuilding Company (Pembroke). The purchase price was £850,000 and the bank guaranteed that in certain circumstances it would reimburse Coal Distributors its initial payment of £85,000.

Hancocks got into financial difficulties and went into liquidation. Coal Distributors exercised its right under the contract to complete the vessel, which cost £500,000 more than the contract price.

Mr. Justice Neill said that, legally, the claim by Coal Distributors was covered by the guarantee. The bank, however, contended that amendments to the contract, relating to the way payments were to be made by Coal Distributors to Hancocks, had been made without the bank's knowledge or consent and discharged its liability.

Coal Distributors argued that the changes were an insubstantial matter that had not prejudiced the bank.

But the judge held that the amendments reduced the protection given to the bank by the original contract. The rules about the effect on a guarantee of amendments to a contract were strict and, in the circumstances, the bank's obligations had been discharged.

John Elliott on forecasts by the National Economic Development Office

An industrial challenge for Thatcher

A CHALLENGE to the Government to develop positive industrial policies was thrown down yesterday by the National Economic Development Office, which broke new ground by forecasting which UK industries are likely to flourish.

This first tentative step towards picking industrial winners and losers was accompanied by gloomy forecasts on employment. It was launched by the Office in a paper presented to a meeting of the National Economic Development Council chaired by Mrs. Margaret Thatcher.

Potential growth areas picked out range from new technologies *including micro-electronics and* bio-chemistry, to more traditional industries such as coal mining and pottery. Areas forecast to remain stable or decline include key parts of the engineering industry, such as machine tools and diesel engines, as well as agriculture and food and drink manufacturing.

The forecast of the industrial and employment trends were based on reports from the council's sector working parties and economic development committees, on which each industry's companies and unions are represented, with broader economic projections.

"The outlook for employment is not encouraging," said the paper. "Most manufacturing sectors will shed more labour. In very few cases, except for some skills in electronics, does increased demand for labour seem likely."

Service sectors did not expect to expand their demand sufficiently to make an impact on unemployment and in some areas, such as distributions, a decline in employment was anticipated.

Leaders of both sides of industry accepted the Office's submission as a basis for debate. But the Confederation of British Industry was concerned that companies in the "stable or declining areas" should not be written off while the TUC was unsure how effective forecasts could be made.

The potential growth areas selected by the NEDO were "technologies and markets where concentrated effort is required if industry as a whole is to grow in line with the more advanced economies," said the paper.

The stable or declining industries were those where "output and share of world *trade are likely to be main*tained or decline only marginally as long as resources are more efficiently used and adaptation takes place."

The growth sectors represented a major opportunity for the UK. But "there is a grave risk that the benefits of innovation will accrue to overseas competitors."

In the next five years the *dominant new technology* was likely to be the supply and application of micro-electronics, said the paper.

Later, the supply and application of protein and enzyme technologies (bio-technology) was likely to be as significant, if not more so. "But the UK capability will depend on foundation investments made in the early 1980s to retain and *develop capabilities in new* "core" technologies."

Three major applications for micro-electronics included information technology, where the UK has strengths such as video-text, System X telephonic equipment and optical fibres, and weaknesses such as mini- and micro-computers and other advanced peripherals and video products.

"Progress, as in other sectors, will depend on the degree to which industry and Government co-operate to ensure that currently fragmented supply capabilities and research and development efforts are coordinated to achieve market objectives, with particular attention to sophisticated volume products." Progress would also depend on how adversely affected sectors, such as printing machinery and paper producers, adapted.

The second of the micro-electronics areas involved was the adaptation of developments for improving general industrial efficiency, especially through use of computer-aided design, *manufacture and testing. Oppor*tunities existed in process industries, food manufacture, small batch production, banking and financial services.

The third area was using microelectronics to increase quality across a range of consumer and capital equipment sectors.

Turning to energy intensive industries and those using energy feedstock such as basic chemicals, metal manufacturing, paper and board and building materials would continue to face rising costs, plus strong international competition.

"But there are also opportunities," said the paper. "There will continue to be a demand from OPEC countries for high technology products such as hospital equipment, electronic equipment, defence *and education.*"

Users of North Sea gas such as petrochemicals, specialised organics and plastics processing should benefit from the North Sea's development. But this would partly depend on Government decisions.

Government policies on nationalised industries and public investment would also affect sectors supplying capital goods.

In general, there was an urgent need to take "remedial action, both within companies and through an appropriate framework of policies."

Low productivity growth, lack of competitiveness in non-price terms and an industrial structure that had adapted inadequately to new technology and patterns of demand were Britain's major internal constraints.

This would be compounded by competition from newly-industrial and other developed countries, particularly at a time of low economic growth in the *world.*

POTENTIAL AREAS OF UK GROWTH AND OF STABILITY OR DECLINE

Industry*	Potential growth areas	Stable or declining areas
AGRICULTURE		Agriculture, forestry, fishing
MINING AND QUARRYING	Coal mining; Oil and gas extraction and distribution	Non-metalliferous products
FOOD, DRINK AND TOBACCO		Food and drink manufacture
CHEMICALS	Basic chemicals (including petrochemicals); Specialised organics; Biotechnology; Polymers and composites	
METAL MANUFACTURE	Specialised metallurgical processes and products	Iron and steel
MECHANICAL ENGINEERING	Waste handling equipment; Mining machinery; Heating, ventilating, air conditioning and refrigeration equipment; Process plant	Machine tools; Metalworking equipment; Pumps and valves; Diesel engines; Construction equipment; Mechanical handling equipment; Printing machinery; Packaging machinery
INSTRUMENT ENGINEERING	Scientific instruments, control equipment	Photographic equipment
ELECTRICAL ENGINEERING	Telecommunications; Very large scale integrated circuits; Opto-electronics; Information technology for home and office; Navigation systems; Medical electronics	Heavy electrical machinery; Industrial electrical equipment; Domestic electrical appliances; Medical equipment
ENGINEERING (General)	Equipment for: Energy conservation; Waste water treatment; Air pollution abatement; Materials handling; Solid fuel technology	
SHIPBUILDING		Shipbuilding
VEHICLES		Motor vehicles and components
TEXTILES		All textile products
CLOTHING AND FOOTWEAR		Clothing; Footwear
BRICKS, POTTERY, GLASS, CEMENT	Pottery; Glass	Building materials
PAPER, PRINTING		Paper and board; Printing
OTHER MANUFACTURING		Tyres
CONTRUCTION	Energy saving buildings; New building methods	Construction (general)
GAS, ELECTRICITY AND WATER	More efficient energy production systems	
TRANSPORT	Advanced passenger systems; Advance transport control systems	
SERVICES	Bank and financial services	Distribution; Public services

** Industries are listed according to the official standard industrial classification*

Five-nation launch for Escort light vans

By Kenneth Gooding

FORD today launches its new *Escort light van in five European markets*: Britain, France, Italy, Ireland and Sweden.

The van will be built solely at Ford's Halewood plant on Merseyside as most sales are expected to be in Britain.

Halewood will produce about 32,000 of the vehicles a year, of which about 94 per cent will be for the UK.

***The old Escort van* was the second best-selling commercial vehicle in Britain last year, behind Ford's Transit, with sales of 23,567 or 35.2 per cent of the car-derived van market.**

Its main competitor was BL's range of Morris light vans.

The new Escort is priced, model for model, about 5 per cent above the old one. Ford claims the new versions have the highest cubic capacity, 94 cu ft, and the highest payload of any car-derived van in Europe.

There is a choice of three petrol engines and two load-carrying capacities which form the basis of an eight-model range.

Payloads range from 504 kgs (446 kgs for the equivalent old model) to 735 kgs (566 kgs).

Engines to be used are a Spanish-built 1117 cc unit developed for the Fiesta and 1295 cc and 1597 cc units from Ford's Bridgend plant.

The new van shares the same front end and front suspension as the Escort saloon from which it is derived, but has a special rear suspension.

Ford says there is no demand for such vans in other European markets so sales will be restricted to the five where it is launched today.

UK prices are £3,166 for the Escort 1100 35 van rising to £3,753 for the 1600 55L version, plus VAT and delivery charges.

BL urged to drop component sector

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL SHOULD give up most of its component manufacturing operations which often compete, from a subsidised position, with its outside suppliers, says an Economist Intelligence Unit report today.

The state-owned group would do better to concentrate scarce capital and other resources on product development and marketing in the widest sense.

"An improvement in its share of the car market could do so much more towards securing BL's future than a components operation beavering *away* to help (in many cases) competing vehicle manufacturers who might, when things get tough, switch their custom elsewhere," says the author, Mr. J. Scott Ward, a motor industry consultant, formerly a GKN executive.

The report is published just as BL is looking closely at its component operations and many of its small, uneconomic plants —mainly those with fewer than *200 employees — which* seem destined for closure. BL has fallen behind many of its competitors in the use of components common to several models in its car range.

The EIU report on the UK components sector gives details of 60 companies with annual sales of automotive components of £10m or more—ranging from Dunlop with £950m to Dowty with £10m sales.

In 1977 when the EIU published a report on the industry, 44 of the top 60 companies were British-owned, 14 had North American parents and Sweden and France controlled one each.

Now only 40 are owned and controlled by British interests, 15 are North American, two are German, two French and one Swedish.

A number of the major UK component makers are stepping up their activities overseas, notably GKN and Lucas. In the U.S. substantial investment is being made or planned.

The report says that although *imported vehicles* have sharply increased their market share in Britain, a number of foreign manufacturers are important customers of the UK's component producers.

Volvo of Sweden is the leading purchaser with about £125m worth of items sourced in 1980, while others include Renault (about £60m) Opel and Fiat (£45m each) and Scania and Volkswagen-Audi (£25m each).

Mr. Ward suggests there will be no great increase in co-operation between vehicle manufacturers to produce components on a scale that will give great economies.

"Unless the common source network was exquisitely balanced (so that company A could not impose a stranglehold on company B's production line without the risk of immediate retaliation) the difficulties which could arise would seem to render such a scheme of doubtful benefit," says the report.

The current main emphasis is on fuel economy, and it can be expected that the component companies will play a key role in developing new products, materials and processes.

EIU Special Report 91 "The changing face of the UK automotive components industry." £60.

TOP TEN AUTOMOTIVE COMPONENT SUPPLIERS IN THE UK 1979

	Turnover £m	Automotive £m	Automotive %
1. Dunlop	1,569	950	61
2. Lucas	1,072	857	80
3. GKN	1,961	825	42
4. Michelin	425	425	100
5. Associated Engineering	368	330	90
6. Massey Ferguson (Perkins)	—	200	—
7. Burmah Oil	1,086	190	17
8. Goodyear	206	190	92
9. Automotive Products	197	185	94
10. Turner & Newall	592	183	31

Source: EIU

Eric Short examines the controversy over sick pay

Mounting opposition may delay Bill reforming sickness benefits

FEW PROPOSALS from this Government have aroused so much opposition as its scheme to make employers take over responsibility for paying their employees during the early weeks of illness.

Trade unions, employers, the "poverty" lobby, the British Medical Association, and an all-party Commons select committee have strongly condemned the Government's plans.

Under the proposals, employers would have to pay each employee a minimum benefit laid down in law for the first eight weeks of sickness. The rate would be a flat weekly payment related to current social security sickness benefits—£30 a week at 1979-80 rates.

Employers would be compensated by a 0.6 per cent reduction in their National Insurance contributions. Small employers, however, would receive additional compensation.

The objectives of the plan are *three-fold:*

- The Government has pledged to tax short-term social security benefit to discourage the "why work" syndrome, whereby some people are financially better off not working than working. Under the proposed scheme, sick pay would be swept up into the PAYE tax system administered by employers.
- The Department of Health and Social Security annually processes *over 10m* sickness claims, of which well over 90 per cent are for periods of eight weeks or less. This scheme would save 5,000 Civil Service jobs.
- More than 80 per cent *of full* time employees receive some sick pay from their employers in addition to social security payments. The proposed scheme is aimed at avoiding a certain amount of duplication.

The CBI calculates that in manufacturing the proposals would cost a small company employing 15 people an additional £350; a medium-sized business employing about 500 people would have to pay £11,500 more; while more than £1m would be added to the costs of a company with 30,000-50,000 employees.

The proposals would bring the UK into line with the practice of many other European countries where employers continue to pay employees when they are off sick.

Intsead fo being based on "need," sick pay would be a continuation of normal pay—a weekly flat rate irrespective of family size. Thus, under the proposed changes, single people would benefit more and large families less.

Trade unions and the "*poverty lobby*" have condemned the scheme because weaker members of the community would be financially worse off.

This problem could be overcome through an adequate level of benefit payments — a fact pointed out by MPs on the Commons Social Services Select Committee in their report published last week.

This committee stated emphatically that the proposals should not be introduced until the Government was prepared to increase substantially child benefit payments.

The scheme also ends the universal insurance concept inherent in the social security system. Under present arrangements, each employer pays a pre-determined National Insurance contribution for the workforce, irrespective of actual sickness among employees. Under the new scheme some employers will pay much more.

The CBI points out that those industries hardest hit by this scheme are also those suffering most from the recession.

So the CBI has proposed an alternative under which employers would deduct the actual sickness payments from their monthly NI contributions — instead of the proposed flat reduction. This scheme certainly would overcome the practical problems associated with industries where there are high sickness rates, but the Government has rejected the CBI plan as administratively impractical.

The Government plan assumed that doctors would continued to sign certificates—to pass on to employers—just as they do now.

The British Medical Association, however, has made no secret of its opposition to the proposals though it has not so far given much prominence to its objections.

Doctors, it would seem, are not happy with the ethics of disclosing confidential information to employers on the nature of an employee's illness.

The BMA is holding talks with Mr. Patrick Jenkin, Secretary of State for Social Services, but so far no agreement has been reached.

Nature lobby fights New Forest oil project

By Ray Dafter, Energy Editor

THE COUNCIL for the Protection of Rural England, a leading conservation body, is opposing proposals by Shell UK to drill for oil or gas in the New Forest.

Mr. Michael Heseltine, Environment Secretary, has been urged by the council to reject a planning application by Shell which wants to sink an exploration well near Lyndhurst Hampshire.

The council said yesterday that the New Forest was an area "prized for its peace and quiet by visitors from all over the world." The area should be protected from "all forms of industrial despoliation."

Mr. Robin Grove-White, the council's director, pointed out in a letter to Mr. Heseltine, that other companies — including British Petroleum, British Gas, Amoco and Clyde—held drilling licences in the New Forest. A rejection of Shell's application would therefore be an important indicator of the Environment Department's attitude towards oil exploration generally in the New Forest.

Shell UK said yesterday that the company wanted to drill a single well. "Whether or not we find anything, this hole will extend our knowledge of the geology of the area."

The company added that if oil was found in commercial quantities further planning applications would be submitted

● British Petroleum has abandoned an unsuccessful well drilled on block 210/30a in the North Sea. The company said yesterday that no hydrocarbons were encountered.

The well was drilled as part of a deal with the original licence holders: Arpet Petroleum, Superior Oil, Norsk Hydro, Canadian Superior Oil and Chemical and Allied Trust. BP paid for the well to obtain a 50 per cent stake in the licence.

Energy consumption falls by 7.4%

BY RAY DAFTER, ENERGY EDITOR

ENERGY consumption was 7.4 per cent lower last year than in 1979, according to the Government preliminary figures published yesterday.

The drop in demand, the first on an annual basis since 1975, arose from the economic recession, higher fuel prices and conservation measures.

Oil companies in particular felt the impact of lowered demand. Deliveries of oil products were 14.7 per cent lower than in 1979.

Yet the UK failed by a whisker to meet the 1980 target of oil self-sufficiency set by successive Governments in the early 1970s. Total UK production of crude oil last year was 80.47m tonnes whereas consumption was 80.59m tonnes. However, the volume of oil produced in the final quarter of 1980 slightly exceeded consumption.

UK ENERGY BALANCE
(m tonnes of coal or coal equivalent)

CONSUMPTION: (primary fuel input basis)	Total	Coal	Petroleum	Natural Gas	Nuclear/ Hydro
1979	355.9	129.6	139.0	71.3	16.0
1980	329.4	122.0	121.0	71.0	15.4
% change	−7.4	−5.8	−12.9	−0.5	−3.7
PRODUCTION:					
1979	328.9	122.4	132.4	58.1	16.0
1980	337.4	130.1	136.8	55.1	15.4
% change	+2.6	+6.3	+3.4	−5.1	−3.7

Source: Dept. of Energy

The statistics show that the pace of North Sea production increased towards the end of the year. Output in the last three months was 7.5 per cent higher than in the corresponding period of 1979. Over the year as a whole the increase was 3.4 per cent.

The UK was a comfortable net exporter of total energy last year when coal, natural gas, and nuclear and hydro-electricity are taken into account.

Production of primary fuels totalled 337.4m tonnes of coal equivalent, a rise of 2.6 per cent over the 1979 level. Coal output rose 6.3 per cent although natural gas production fell by 5.1 per cent and the generation of nuclear and hydro-electricity dropped by 3.7 per cent.

On the other hand energy consumption, on a primary-fuel input basis, was 329m tonnes of coal equivalent, a fall of 26.5m tonnes. Over the year demand for all fuels fell.

The use of oil products (excluding non-energy and bunkering demand) dropped 12.9 per cent; coal consumption fell 5.8 per cent; and natural gas demand fell by just 0.5 per cent.

There was a slightly less-marked decrease in the amount of fuel consumed in the final quarter of 1980 when compared with the last three months of 1979. Energy demand for oil products fell 11.3 per cent; coal consumption fell by 3.5 per cent; demand for natural gas rose by 6.1 per cent, because of colder weather.

Consumers 'disastrously ignorant about EEC'

By David Churchill, Consumer Affairs Correspondent

A MAJORITY of consumers would now vote in a referendum to leave the EEC, according to a new survey carried out by the Consumers' Association, publishers of Which? magazine.

The survey is part of a wide-ranging review of consumer attitudes to the EEC which, it is claimed, reveals a "disastrous public ignorance—strong on myth and short on fact."

The survey, based on interviews with 1,000 consumers, found that 58 per cent would vote to leave the EEC, while 31 per cent would opt to stay in.

It also showed that 43 per cent believed the EEC was partly to blame for the UK's current economic position.

But a separate postal survey of Which? subscribers found that only 34 per cent would vote to leave, while 52 per cent wanted to stay in.

The difference reflects the fact that Which? subscribers are mainly middle-class consumers, while the national survey was carefully weighted to include all age and socio-economic groups.

But the most striking features of both surveys, according to the association, was the level of public ignorance about the EEC. Over half the national survey thought that the Government contributed more to the EEC budget than was spent on social security. In fact, the Association says that when the UK's contribution was £1.1bn, social security payments were £18.5bn.

"This ignorance is a disastrous basis for the political debate about Britain's membership of the EEC," said Mr. Peter Goldman, the association's director.

BA cutting Mid-East fares by up to 30%

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is to cut fares between the UK and destinations in the Middle East and Gulf areas by up to 30 per cent from April 1.

Fares to these primarily business areas have been traditionally high by North Atlantic fare standards. It has been cheaper, for example, to fly from London to Australia than to the Gulf states, which are only one-third of the distance.

BA said yesterday that excursion fares between Heathrow and Amman, Baghdad, Beirut, Damascus and Kuwait will drop by 29 per cent, cutting the return rate to Damascus, for example, from £416 to £295.

Fares to Abu Dhabi, Bahrain, Dharhan, Doha, Dubai, Jeddah, Khartoum and Muscat will drop by 27 per cent. The new return fare to Abu Dhabi will drop from £617 to £450.

The new cheap rates will run from April 1 to June 30, and will be re-applied from November.

● The British Airports Authority, in conjunction with Jetsave, is offering substantial price cuts on duty free goods at Heathrow, Gatwick and Prestwick between April and October.

Holidaymakers buying tickets on British Airways' weekly flights to 11 U.S. destinations with Jetsave will receive a £2.50 voucher for exchange at duty free shops.

● Laker Airways, in addition to seeking many cheap fare routes between Gatwick and the Continent, has made a separate application to the Civil Aviation Authority for rights to fly to Berlin.

The airline has also asked for rights on the Gatwick and Manchester-to-Dublin routes.

● British Caledonian Airways is cutting advanced purchase (Apex) fares on routes to South America by about £60, and introducing an excursion fare to Dubai that will save travellers more than £150.

Citizens band delay may 'destroy industry hopes'

BY ELAINE WILLIAMS

FURTHER DELAYS in introducing citizen's band radio to the UK could destroy hopes that British industry will benefit from the growing demand for such a service, says the National Council for the Legalisation of Citizen's Band Radio.

More than 250,000 people are thought to be using illegal sets imported from Japan and the U.S., with the number growing by 16 per cent each month. The council fears Government wavering will mean legalisation of CB equipment now operating illegally on the 27MHz frequency band.

Proponents of CB want the service introduced at a much higher frequency around 41 MHz, which would allow British companies to serve this new market estimated to be worth £45m. The council says up to 2,500 jobs would be created if the higher frequency were chosen.

The Government is in favour of introducing CB, but has proposed a frequency of 900 MHz. Campaigners are also against this frequency because they say it would make receivers too expensive and have too small a broadcast range. Illegal users would be unlikely to switch to the legal frequency if 90 MHz were adopted.

The Home Office, which will administer the service, says the 41 MHz band would interfere with people watching television sets using the old 405 line picture.

The Government is expected to make an announcement about CB radio on Monday, but is unlikely to give a firm date for its introduction.

Little hope of improvement for woodworking industry

BY JAMES McDONALD

THERE IS no improvement in sight for the majority of companies in the woodworking industry, says the latest four-monthly survey of the British Woodworking Federation.

More than half the companies surveyed showed a reduction in their labour forces in 1980, ranging from 10 to 40 per cent. About one-third of the companies were on short time, and only 10 per cent increased their labour forces during the year. More than 40 per cent have been directly affected by the moratorium on public housing investment.

But the survey finds two hopeful signs. In spite of the strength of sterling, exports show an improvement in some cases where companies are trying to offset lack of orders at home. There is also restrained optimism about the outlook for timber-frame manufacturers, despite the low housing programme.

The Federation has written to Mr. John Biffen, Trade Secretary, with suggestions for aiding the industry's export efforts. It seeks a review of the ending of the Government's service that provides short-lists of major importers — distributors to exporting firms.

Since the autumn, potential exporters have had to pick the information they require from the British Overseas Trade Board's library. The Federation says an immediate check should be made of concessions by other countries to exporters to ensure that UK firms are not at a disadvantage.

Stansted airport plans to be strongly opposed

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THERE WILL be strong opposition to development of Stansted, Essex, as a third major airport for London, Mr. John Lukies, chairman of the North-west Essex and East Herts Preservation Association, said yesterday.

"We still feel it is quite iniquitous that we should have to fight this battle again," he said, reacting to the British Airports Authority's Statement of Case for Stansted.

"Stansted has twice been rejected as a site at public inquiries, but fight we will. The BAA case remains indefensible.

"The open-ended commitment to unlimited expansion they plan at Stansted will despoil a major part of the beautiful and fertile countryside in the area forever, destroying the food-producing capacity of some of Europe's best agricultural land.

"It will disastrously affect the lives of tens of thousands of people in towns and villages over an area of hundreds of square miles.

"We remain confident that it will not happen. We believe the inquiry will show, as before, that Stansted is a totally unsuitable place for an airport.

"With such findings we cannot believe that a democratically elected Government would endeavour to press ahead for a third time with a scheme that would disgust all those who still believe in justice."

Cutting the burden of paperwork and accounts for small business

Andrew Fisher analyses *the Government's wideranging* new Companies Bill

SMALL COMPANIES should find their accounting burden much reduced under the new Companies Bill, which also seeks to abolish the Registry of Business Names and to streamline Department of Trade investigations.

Published yesterday, the three-part Bill is basically aimed at enacting the Fourth EEC Directive on Company accounts. But the Government has tacked on a series of clauses dealing with other matters.

Among the most controversial and widely opposed of these is the proposal to replace the Registry of Business Names with a self-regulating system. This is part of the Government's policy of making services pay for themselves as much as possible and whittling down those that do not.

Inspectors probing companies which the Department of Trade feels need investigation will be able, once the Bill is passed, to *examine on oath anyone who is* not a director or agent, without having to go to the courts.

They will also be able to require past and present directors to produce details of their bank accounts.

As the Bill goes through Parliament, the Government intends to add amendments allowing companies to buy their own shares. This would give more flexibility to small companies raising capital. Investment trusts could also benefit.

The question of secret purchases through nominee holdings of shares in unsuspecting companies has been left out of the Bill, though the Government has previously said it will look at ways of tightening up the law.

The issue was highlighted last year by heavy foreign buying of shares in Consolidated Gold Fields and Dunlop Holdings, and more recently in Renwick Group, now the subject of a full bid.

The Government could have chosen to deal with the problem later through an amendment. Having decided not to — a Department of Trade report into Dunlop buying by Malaysians is still awaited — the Opposition is likely to take its own steps.

"If we see any lacunae in the Bill, we shall endeavour to fill them by proposing new amendments at the committee stage," Mr. Stanley Clinton Davis, Opposition spokesman on company law, said last week.

The first section of the Bill recasts the law on company accounts in line with the Brussels directive. This was adopted in July, 1978, and must be applied in all member states by February, 1982.

Last year's Companies Act, as well as outlawing insider trading and tightening up on loans to directors, implemented the Second EEC Directive on the capital of companies.

EEC officials have been working on a Seventh Directive on group accounts, which complements the Fourth. Also on the way are directives on the accounts of credit and of insurance institutions.

The Bill aims to reduce the amount of information small and medium companies must include in accounts filed with the Registrar of Companies. It also lays down new rules for the form and content of accounts.

Small companies, defined as having a turnover of no more than £1.4m, a balance sheet total not exceeding £700,000, and not more than 50 employees, will be allowed to file only an abridged balance sheet with the Registrar. They will not have to file a profit and loss account or a directors' report, though shareholders will still get full audited accounts.

Medium-sized companies will not have to include details of turnover and gross profit margins in modified accounts. Companies will qualify under this category if their turnover does not exceed £5.75m and their balance sheet total £2.8m, and their employees do not number above 250.

These thresholds will also be applied to groups of companies, taken together, to determine whether they may be treated as small- or medium-sized for the purpose of group accounts.

Several important classes of compromise, however, whatever their size, will not be able to make use of the special provisions for small and medium companies. These are public companies, and those engaged in banking, insurance and certain shipping activities, as well as members of groups containing such companies.

Detailed rules on the content and actual form of accounts will be included in a new Schedule to the Bill, which will also list disclosure requirements and lay down the accounting principles and rules that must be followed.

The Bill will contain a new statement on the statutory requirements for the preparation of company accounts, the main condition still being that the balance sheet and profit and loss account must give a true and fair view.

It will also extend the requirements on information to be provided in accounts about subsidiaries and other interests in which there are significant shareholdings.

With the aim of speeding up company registration, the Bill will bring in simplified arrangements for approval of company names. Any business not carried on under the actual name of its owner will have to display details of its ownership at its premises and on letterheads.

Hand in hand with this goes the proposal to abolish the Registry of Business Names, a move which has drawn howls of anguish from all users of the service such as companies, banks, accountants, and credit organisations.

The Government has drawn up a self-regulating system in the Bill under which companies themselves will have to make details of their ownership available to their customers or suppliers.

The Registry, set up during the First World War to prevent Germans from gaining ownership of businesses through other names, handles some 200,000 searches a year. But the Government says 35-40 per cent of searchers do not find the information they desire.

This is because companies do not comply with the law, either by failing to register in the first place or failing to make notification of changes. The Registry is likely to cost some £1.1m this financial year, which will be offset by fee revenue of £200,000. Nearly 70 staff handle new business registrations of over 140,000 a year, along with 42,000 cessations and changes.

The moves to give Department of Trade inspectors greater powers to call witnesses follow the Government's stated aim of speeding up and improving investigations under the 1948 and 1967 Companies Acts.

Company investigations often take several years to complete, with lengthy delays common before publication.

The Bill also contains measures to toughen the law in the area of fraud. Anyone who has committed fraud or another company offence could be disqualified by a magistrate from any part in business management for up to five years.

The maximum period for which higher courts may disqualify will be extended to 15 years. Those persistently in default in making returns to the Registrar of Companies will also be liable to disqualification by magistrates.

And whether or not a company is actually wound up, the criminal remedy for fraudulent trading will apply.

£20 increase for Townsend crews

BY PAULINE CLARK, LABOUR STAFF

OWNSEND THORESEN yes-rday became the second major ipping company to clinch a eal with ratings involved in e national seamen's pay ispute.

But the General Council of ritish Shipping strongly re-utted union claims that the ettlement broke through its 12 er cent guidelines.

The company announced it ould resume normal opera-ons of its cross-Channel ferry ervices today for the first time two weeks after a mass meet-ng of 250 seamen in Southamp-on overwhelmingly accepted a 20 increase in wages from horesen Car Ferries.

The local deal means Towns-nd Thoresen operations from he port will become the only erry service in Britain not ubject to continuing lightning trikes as part of the National Jnion of Seamen's action in upport of a 14-16% pay claim. The deal does not, however, affect seamen employed else-where in the company.

Townsend Thoresen suspended all sailings from the port when t dismissed 12 ratings involved n a one-day strike on one of its ferries. The ratings have now been reinstated.

The deal follows an inde-pendent settlement well in excess of the GCBS 12 per cent offer reached between Canadian Pacific, the major Atlantic cargo operators, and the NUS last week. The company has since withdrawn from membership of the council which had threat-ened its expulsion.

The GCBS described the Townsend Thoresen deal, which increases deck ratings' con-solidated earnings from £170.68 for a 60-hour weeks to £191.16, "a straight copper bottomed 12 per cent deal which is wholly within our guidelines."

"We hope that the NUS will now consider very seriously our willingness to restructure our national 12 per cent offer," it added.

The union claimed, however, that the deal represented its second "major victory" in its campaign to break through the 12 per cent barrier and to achieve overtime rates at time and a half for all overtime worked by seamen.

It claimed that the agreement calculated on the basis of 20 hours overtime at time and a half for the ferrymen would amount to a 14.3 per cent settle-ment if applied to deep sea ratings and others on non-consolidated earnings. This was because the overtime element included in the 12 per cent national offer formula was for 30 hours.

Mr. Jim Slater, general secretary of the NUS, said he expected the GCBS either to expel Townsend Thoresen from membership or make a com-parable offer to the rest of the seamen.

National talks set for Ford lorry strike

BY NICK GARNETT, LABOUR STAFF

A FULL national negotiating committee meeting between Ford and its unions has been arranged for Tuesday in an attempt to resolve the increas-ingly disruptive strike by truck drivers at the company's Dagenham site.

The request for a meeting was made by Mr. Ron Todd, Transport and General Workers national organiser and senior Ford union negotiator. He said he would now be prepared to recommend that the dispute be made official if this was requested by regional union officials.

Halewood on Merseyside is now the only Ford site pro-ducing finished vehicles.

The company yesterday laid off its workforce at the Basildon tractor plant and at the Dagen-ham river plant, increasing total layoffs to 19,000.

Production of Cortinas and Fiestas at Dagenham and Transit vans at Southampton have been halted. A combina-tion of the effects of the dispute and a model change has also stopped production at the Langley truck site.

The company said yesterday that the dispute, over trips to plants o nthe Continent, had meant the loss of vehicle pro-duction worth £19m at show-room prices.

Picketing by the 440 Dagen-ham drivers has been extended to the Woolwich engine com-ponents factory and the tractor and radiator plants at Basildon.

Mr. Todd accused the com-pany yesterday of breaking agreements by using an outside haulage contractor to bring in body panels from the Genk plant in Belgium.

The regular series of five trips a week for Ford drivers between Dagenham and Genk was ended last year because of changing manufacturing needs.

The recent run by the outside contractor was carried out because of an urgent need for parts at Dagenham.

Deadline for sugar plant

BY OUR LABOUR STAFF

TATE AND LYLE said yester-day that it had agreed not to close before April 3 its Liver-pool refinery, the shutdown of which was announced last month.

A joint union-management statement said yesterday that "all possible" alternatives to the refinery's closure would be studied and that further representations by the company and the unions to the Govern-ment, principally over sugar quotas would be made.

The workforce at Liverpool, where almost 1,600 jobs will be lost with the closure, agreed to withhold any industrial action as a result of the statement.

The statement was made after a meeting between Lord Jellicoe, Tate and Lyle chair-man, and union officials in-cluding Mr. Moss Evans, general secretary of the Trans-port and General Workers Union and Mr. David Basnett, general secretary of the General and Municipal Workers Union on Tuesday.

But it is clear that only a radical change in Government and EEC attitudes towards sugar beet closures, which is highly unlikely, will save the re-finery.

Tate and Lyle is examining possible ways of saving some jobs through alternative work at the refinery's dock site and by studying proposals for sugar cube packaging at Speke.

Call to resist pit closures

By Our Labour Editor

THE NOTTINGHAMSHIRE area of the National Union of Mineworkers will ask the national executive to insist that the union sticks to its policy of resisting all pit closures unless coal seams are exhausted.

Mr. Ray Chadburn, the area president, said the men were not threatening strike acion, but would make their views known ahead of a meet-ing of the Unions with the Coal Board on Tuesday.

APPOINTMENTS

Senior executive post at Lucas

LUCAS INDUSTRIES has appointed Dr. B. A. Jarrett as group director, product tech-nology, and as a member of the Lucas executive and as a director of Joseph Lucas Limited, the executive Board of the group.

★

Mr. Michael P. Renton, joint deputy chairman of ARBUTH-NOT LATHAM HOLDINGS, has resigned from the Board to devote his time to other business interests. He will maintain links with the Arbuthnot Latham Group by continuing as chairman of a company in which the group has an interest. Mr. C. J. Prideaux now becomes the sole deputy chairman of the group. In the bank, Arbuthnot Latham and Co., Mr. F. C. Saville and Mr. P. J. Brasier, at present chief execu-tive and deputy chief executive, become chairman and deputy chairman.

★

Mr. Leslie Grainger has been appointed managing director of ARANON, the new energy services group. Mr. Ron Simpson has joined the Board as finance director. Mr. Grainger was a main Board member of the National Coal Board from 1966 to 1977. Mr. Simpson is finance director and company secretary of Drake & Scull Holdings.

★

Mr. D. D. Green, commercial services director of Mond Division of Imperial Chemical Industries, has been appointed a director of ELLIS AND EVERARD, replacing Mr. A. C. D. Rankin, who is to retire. Mr. Green moves to the Ellis and Everard Board from Ellis and Everard (Chemicals), where he has been a director since 1977. His responsibilities on the divisional Board will be under-taken by Mr. A. P. Foster, marketing manager of ICI Mond Division.

★

Mr. Peter E. Brassey has been appointed chairman of ESSEX WATER COMPANY in succession to Mr. Arthur W. White, who remains a director and has been elected president.

Eagle Star insurance dispute for ACAS

By Nick Garnett, Labour Staff

THE PAY dispute at the Eagle Star insurance company is to be referred to the Advisory, Conciliation and Arbitration Service following manage-ment's refusal yesterday to improve its offer.

A ballot of the Eagle Star staff association's 6,000 member-ship has already produced a rejection of the proposals which involve a rise of 11 per cent from January and a further 3 per cent, com-pounded from July.

That ballot authorised staff association officials to call industrial action. Mr. Graham Gosling, the staff association's general secretary said that ACAS would be asked to try and break the deadlock.

"Industrial action is almost certain to follow," he said, if no improvements were made

The company said yesterday that it had simply reaffirmed that the last offer was "final." It was a generous offer which only 40 per cent of the total staff had voted to reject.

The staff association's claim was for a 15 per cent rise in January, followed by a further 3 per cent. It had been prepared to accept such a deal over a 13-month period.

Civil servants may be told of pay offer today

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE union leaders will today formally submit a pay claim for increases of about 15 per cent. The claim may pre-cipitate an immediate Govern-ment reply of its readiness to make an offer of about 6 per cent.

The Government will also publish today the report of the Scott inquiry into public service pensions. The report recom-mends no major increase in Civil Service contributions but the Prime Minister is expected to acknowledge the report only, rather than make public her reported displeasure at its failure to reach firmer conclu-sions.

Both the Civil Service unions' claim and the likely indications of an offer are considerably in advance of the announcement of cash-limit pay provisions for the Service and the April 1 settle-ment date for the 550,000 white-collar staff, and the unions' public position.

The meeting of the full Coun-cil of Civil Service Unions today is purportedly to agree a com-mon claim. However, union executives yesterday approved a claim formulated earlier in the week by the council's major policy committee, comprising senior union officers.

The unions' statement, which does not include the word "claim," suggests that the settle-ment should be about 15 per cent, though it says this figure should be associated with an underpinning minimum increase of £10 a week.

However, it is accepted that to prevent difficulties over the distribution between grades of a deal, the £10 figure should be reduced pro rata in line with the final agreed percentage figure.

The council's negotiating team will then meet officials of the Civil Service Department, led by Mr. Gordon Burrett, deputy secretary in the pay group, to formally submit it.

Mr. Bill Kendall, CCSU secre-tary general, will emphasise that about 200,000 civil servants fall in the poverty area as defined by the Low Pay Unit.

The Department is expected then to set out the kind of figure at which the Government wishes to settle. Yesterday is was thought that an offer of less than 6 per cent (of about 5½ per cent, in fact) might be indicated.

This would allow the unions rom to negotiate, though De-partment officials would stress that the margin for negotiation above 6 per cent is tight, pos-sibly as small as ½ per cent.

Some senior civil servants are believed to have been ad-vising Ministers that to prevent threatened industrial action the offer should be higher.

NUPE Left backs inquiry

SUPPORT for an inquiry into the way trade unions affiliate their branches to local Labour Parties has come from the Left-wing National Union of Public Employees, Our Labour Editor reports.

NUPE is writing to the party's national executive committee asking whether the rules can prevent unions taking unfair advantage of the system to sway the results of MPs' selection or re-selection.

This is an indirect challenge to the Right-wing Electrical and Plumbing Trades Union, whose rules give the union considerable power in affiliat-ing branches and appointing those branches delegates to constituency management committees.

It arises from a row within the party about EPTU affilia-tions in two South London constituencies which are being scrutinised by the national executive committee.

Times unions harden hostility to terms of Murdoch takeover

BY JOHN LLOYD, LABOUR CORRESPONDENT

PRINT UNION opposition to the proposed takeover of Times Newspapers by Mr. Rupert Murdoch continues to harden, with a second major group of print workers rejecting man-ning-cuts and other conditions.

A delegate meeting on Tues-day of the London machine branch of the National Society of Operative Printers, Graphical and Media Personnel (Natsopa) took a series of decisions which not only opposed redundancies and the move of the Times supplements to a printing plant out of London, but also autho-rised preparations to be made for an expected closure of the papers.

The branch launched a levy of its Fleet Street members to aid Times printers.

Further pressure has been put on the unions by a letter to all the general secretaries from Thomson British Holdings, the present owner of Times News-papers, pointing out that in the event of closure printers would be eligible only for minimum redundancy payments of one week's pay for every year of service.

Mr. Murdoch's negotiators, Mr. John Collier and Mr. William O'Neil, told representa-tives of journalists in the group yesterday that they wanted 25 redundancies from *The Times* editorial staff of 330, and 15 from the *Sunday Times* out of 340 (over half of whom are part-time).

The journalists were told that they must submit to a wage freeze until December 1982, though they will receive in full the staged increments negotiated last year after a week-long strike.

Mr. Murdoch is expected back from Australia today, though a spokesman said last night that he had announced no plans to take part in the negotiations. Union leaders have called for his involvement in order to clarify how far his demands are negotiable.

It is becoming clear that the areas of greatest resistance are the two large Natsopa groups, the clerical and machine chapels. No other union has wholly rejected cuts.

● The Campaign for Press Freedom issued a statement last night condemning the proposed takeover, and saying that the Government's decision not to refer it to the Monopolies and Mergers Commission was a breach of the Fair Trading Act.

Tebbit defends cash boost for BL

BY IVOR OWEN

TORY BACKBENCHERS claimed in the Commons last night that a resignation threat by Sir Michael Edwardes, chairman of BL, pressurised the Cabinet into agreeing to provide a further £990m for the company over the next two years.

They repeatedly interrupted Mr. Norman Tebbit, who built his reputation in Opposition as a hard line advocate of market forces, when he defended this further injection of taxpayers' money into the company in his first major speech as Minister of State for Industry.

Mr. James Hill (C., Southampton Test) was the first to underline the anxieties on the Government backbenches when he intervened to assert that during the negotiations with BL, there were "strong rumours" that Sir Michael was threatening to resign unless Sir Keith Joseph, Industry Secretary, "gave way throughout."

With other Tory MPs nodding in agreement he said: "We have a suspicion on the backbenches that Sir Michael was giving the same treatment to Sir Keith as he was giving to his own labour force."

Mr. Tebbit retorted that Mr. Hill should not believe rumours and said the implication of what he had said was that Sir Michael was playing the role of the "Bolshie shop steward" and trying his luck with Sir Keith.

He declared: "I do not think he would have got any further with Sir Keith than the Bolshie shop steward got with Sir Michael."

Mr. Robert Adley (C., Christchurch and Lymington) accepted that Mr. Tebbit could not be expected to admit the truth, as many people believed it to be, as described by Mr. Hill.

He asked if Sir Michael had expressed any opinion as to whether he would like to sell off parts of BL.

Mr. Tebbit assured the House that if Sir Michael had told the Government he would like to sell off parts of BL because in his commercial judgment it was the best thing to do, the Government would not have stood in his way.

What BL had argued and what the Government had felt obliged to accept was that if collaboration was to be secured with other manufacturers it needed to retain, for the present at any rate, all its manufacturing components.


Tebbit: refused to confirm possible jobs loss

Mr. Tebbit stressed that the Government had considered very carefully the implications of not giving support to BL's corporate plan. It had been very apparent that this would certainly not have been a "no-cost" route for the Government to follow.

There were something like 140,000 people at present employed by BL and some 70,000 were engaged in the cars business. A large number of other jobs were dependent on the continuation of BL in business.

Mr. Tebbit refused to confirm th estimate made by Mr. Stan Orme, Labour's Industry spokesman, that a total of 1m jobs would be lost if BL were to close but agreed that there was no doubt at all that the number would be "very considerable."

He insisted: "If at any time we became convinced that this company did not have a future, then I can assure you that we should not shrink from taking the appropriate action, costly though it might be to the taxpayer."

Mr. Tebbit also justified the Government's decision to provide the further injection of cash on the grounds that during 1980 the BL management and workforce had made real progress towards improving competitiveness under difficult conditions.

But while many years of investment at the taxpayers' expense were now starting to bear fruit, so as to give the company a real chance of success, it could not be allowed to rest on the laurels of one or two successful new products.

Mr. Michael Grylls, MP for North West Surrey and chairman of the Conservative backbench industry committee, admitted that the Government had faced a very difficult decision over the provision of further finance for BL.

He maintained that Tory backbenchers were not advocating the closure of BL, but wanted the Government to look more closely at the possibility of an earlier return to the market of some of the parts of BL.

If this course were followed, he said, it would ease the burden on the taxpayer and on the Public Sector Borrowing Requirement.

Mr. Grylls declared: "I believe that there is a middle way and I beg the Government to go on looking at that during the time of this current BL plan."

He suggested that "throwing money at BL" would not be a cure all.

Attempt to reform ILEA is abandoned

By Margaret van Hattem, Lobby Staff

THE GOVERNMENT yesterday abandoned its attempt to change the representation and financial control of the Inner London Education Authority. Mr. Mark Carlisle, the Education Secretary said in a Commons statement that the ILEA would be retained as a single authority, not split up as had been proposed.

But he threatened to introduce financial controls if the ILEA failed to cut back spending in line with Government demands.

"It is up to the ILEA to put its house in order." Mr. Carlisle said. "If it systematically abuses the rating system by unchecked extravagance, additional financial controls will be needed. The Government is now considering what further measures it would take to meet that situation."

The statement follows a year of reports, inquiries, committees and more than 900 submissions from the public, during which the Government explored the possibility of splitting up the authority and handing over to the 12 inner London boroughs responsibility for education.

Although many boroughs do not want this and some are too small to run a full education service, the Prime Minister has long cherished the plan as a way of increasing financial accountability.

ILEA members, who had feared that the Government might impose financial control immediately or to seek to restrict membership to borough councillors, are believed to be relieved and slightly surprised at the decision.

At present, 13 of the 48 ILEA members are appointed from inner London boroughs and the City of London (that is, indirectly elected), while the rest are elected to the GLC for inner London. The authority raises its funds by levying a self-determined precept on ratepayers through the Greater London Council, which cannot be challenged.

Under the block grant system, the authority would be eligible for a £141m Government grant over the next year if it pruned its spending to the Government target of £468m.

However, it is expected next week to approve a £694m budget which would cut the grant back to £7m, boosting ratepayers' contributions but leaving the Government virtually no leeway for applying further pressure on the authority.

"If they should so decide," Mr. Carlisle warned, "it will show that they are making no attempt to save a single penny."

He refused to be drawn on what kind of financial controls might be considered, but did not rule out the possibility of legislating to put a ceiling on ILEA spending.

However, Mr. Carlisle's warnings are being discounted by the Opposition as a smokescreen for almost total Government retreat, and it is felt no further attempt will be made to alter the ILEA during the life of the present Parliament. Mr. Neil Kinnock, the Opposition education spokesman, welcomed the Government's decision, but attacked the ungracious tone of the statement which, he said, was disfigured by insults, threats and prejudices.

The Prime Minister's dislike of the ILEA was obsessive and the Government's estimates of the authority's financial needs for the next year represented an indefensive 27 per cent cut.

"I suggest the Secretary of State has got it hideously wrong, and he knows it," Mr. Kinnock said.

Labour MPs vote against electing Cabinet Ministers

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

LABOUR MPs yesterday rejected the idea of electing the Cabinet when Labour is in office. Despite an unholy alliance of Left- and Right-wingers behind the proposals, Labour MPs voted against it by 63 votes to 30.

In theory, yesterday's vote, at a special meeting of the Parliamentary Labour Party, should bring the debate on the issue to an end for the moment. But after the meeting, Mr. Anthony Wedgwood Benn, who has long regarded the election of Ministers as fundamental to his campaign to increase accountability in Government, warned that he would not let the matter drop.

Labour MPs already elect 12 members of the shadow Cabinet when the party is in Opposition. But pressure has been growing over the last few years to extend this principle to the election of Ministers.

Mr. Benn was also unsuccessful yesterday in trying to get recorded votes introduced at meetings of the PLP.

'Tories are now the Centre Party'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONSERVATIVES now ocupy the centre ground of British politics, Lord Thorneycroft, Tory Party chairman, said yesterday in a speech which seemed to signify a shift in emphasis of Government policy.

He was noticeably conciliatory towards the public sector and made it clear that, as far as he was concerned, the Government had no reason to apologise for its decision to give BL £1bn in support.

His speech was sprinkled with references to the breakaway movement in the Labour Party by social democrats. Many of his remarks appeared to have been influenced by recent polls suggesting that a new centre party would take votes from the Tories.

If more jobs were to be provided, he said, a smaller and more efficient public sector supported by a larger and expanding private sector had to be high on the list of political objectives.

There had to be cash for new investment in the public sector, a minimum of Government interference, low tax and a financial policy which pinned down inflation.

"This is the broad central ground of politics today," he declared. "I am proud and happy to see the Conservative Party securely placed upon it."

He was speaking in the House of Lords on a motion put down by Labour peer Lord Beswick, calling attention to constant Ministerial criticism of the public sector and asking for a more constructive and positive Government policy recognising the value of a mixed economy.

Speaking from the back benches Lord Thorneycroft said the mixed economy had a role for both public and private enterprise, but the public sector had become too large and too costly to be easily supported by the private sector.

Nevertheless, the Conservative Party should not abandon the public sector. Its role was to support it and provide it with management and money.

At the same time, the Government should seek to reduce its size and provide it with private partners.

"That seems to me the central position of British politics today," he said. "All the rest is really at the periphery.

"We in the Conservative Party are as proud and unapologetic about our determination to contain inflation as we are over are determination to support both public and private industry in the middle of a world recession."

The Conservatives stood in a real world. It was not the imaginary world of a perfect market, which some economists believed in, nor the working-class proletariat of the Marxists.

At the same time, he said, the Labour Party had moved very far to the Left and Mr. Foot wanted to extend nationalisation, though this policy daunted many members of the Labour Party.

This year, external financing of the nationalised industries would cost £3bn, which was three-quarters of the total revenue from North Sea oil.

From the Labour front bench, Lord Beswick, former chairman of British Aerospace, said the unwarranted and constant criticisms Ministers had levelled at the public sector were bitterly and deeply resented. Their attacks had included words like "horrific," "debilitating," and "poisonous."

Replying for the Government, Earl Gowrie, Minister of State for Employment, denied that Ministers had made "snide" remarks about nationalised industries. He took a harder line than Lord Thorneycroft in restating Government industrial policy.

"Our view is that the public sector is over-extended and less efficient than it might be, and the resources it claims from Government contribute towards our present inflation," he said.

"Our purpose is to reduce it in size where we can, and where industries remain in the public sector we are determined they should operate more efficiently."

Lord Glenamara, a Labour peer, and former chairman of Cable and Wireless, strongly attacked Government policies and said the Prime Minister and her colleagues had an abiding hatred for the public sector.

"Their policy is to do the public sector in by any means available," he said. "This is part of the credo of monetarism."

Bristol Post bid questioned

THE RECENT £7.76m bid by Associated Newspapers for the Bristol Evening Post was questioned in a House of Commons motion yesterday. Mr. Jack Aspinwall (C., Kingswood), expressed concern at the proposed takeover of the Bristol group by the owners of the Daily Mail.

He called for the bid to be referred to the Monopolies Commission. According to a report by the Commission last March, Associated is recognised as a "controlling shareholder in Bristol's newspaper interests" and would therefore be free to increase its stake.

Associated and the Daily Mail and General Trust (an associate) together own 40 per cent of Bristol United Press, the main trading subsidiary of the Post.

Council for Social Democracy supporters

THE FOLLOWING is a list of 100 people said by the Council for Social Democracy to represent a cross-section of people who have expressed their support for the Council.

Austen Albu, MP Edmonton 1948-74. George Apter, Company Director. Michael Barnes, MP Chiswick 1966-74. Peter Birkby, Chairman Bradford West CLP. Dick Buchanan, MP Glasgow Springburn 1964-79. Alan Bullock, Historian. Philip Burgess, University Teacher. Tyrell Burgess, Educationalist. Alec Cairncross, Economist. George Canning, Ex Labour Lord Mayor, Birmingham. John Cannon, Historian. D. L. Carey-Evans, Farmer. Charles Carter, Educator. Jom Cattermole, Former Labour Regional Oragniser. Frank Chapple, General Secretary, EEPTU. Ann Coulson, Ex Birmingham Councillor. Danny Crawford, Trade Union Official. Fred Dainton, Scientist. Jim Daly, GLC Transport Chairman 1973-77. Richard Davies, Administrator. Edmund Dell, MP Birkenhead 1964-79, and Ex Cabinet Minister. Lord Diamond, MP Gloucester 1957-70, and Ex Cabinet Minister. Lord Donaldson, Ex Minister of Arts. Douglas Eden, Lecturer. Geraint Evans, Artist. Eddie Fineran, Member ASTMS Divisional Council Newcastle. Jean Floud, Social Scientist. Brian Flowers, Physicist. John Frears, Leicestershire County Councillor. Paul Genney, Secretary Grimsby CLP. Lord George-Brown, Deputy Lealer, Labour Party 1960-70. George Godber, Community Medicine. John Godfrey, University Lecturer. Celia Goodhart, School Teacher. William Goodhart, Barrister. Frank Hahn, Economist. Willie Hannan, MP Glasgow Maryhill 1945-74. Stephen Haseler, University Teacher. Eric W. Hawkins, University Teacher. Michael Hughes, Secretary Cardigan CLP. Sydney Jacobs, Ex Labour Agent and Councillor. Jeffrey Jowell, University Lawyer. Anthony Lester, Barrister. Clive Lindley, Businessman, Ex Labour Parliamentary Candidate. Evan Luard, MP Oxford 1966-70, 1974-79. Ken Lomas, MP Huddersfield West 1964-79. Norman MacKenzie, Author and Fabian Historian. Anne Mallet, Lecturer. David Marquand, MP Ashfield 1966-77. Robert McCullagh, Ex Labour Parliamentary Candidate. Alex McGivan, Secretary, Campaign for Labour Victory. James Meade, Economist. Stephen Mennell, Sociologist. Anne Mitchell, School Teacher. Joan Mitchell, Economist. John Morgan, Writer, Broadcaster. Norman Morris, Obstetrician and Gynaeculogist. Huw Morris-Jones, University Teacher. William Mowbray, General Secretary, Scottish Bakers 1949-74. Leslie Murphy, Businessman. Richard Murray, Former Labour Parliamentary Candidate. Angela Newton, Councillor. Spalding LP Branch Secretary. Julia Neuberger, Rabbi. Hilda Nickson, Officer, North Norfolk CLP. David Pannick, University Lawyer. Lord Perry of Walton, Educationalist. Colin Phipps, MP Dudley West 1974-79. John Pick, Engineer. Frank Pickstock, Ex Labour Lord Mayor of Oxford. Usha Prashar, Administrator. Frank Price, Former Leader, Birmingham City Council. Steve Race, Musician and Broadcaster. Dora Radcliffe, Bebbington CLP. Michael Rawlins, Pharmacologist. John Riches, Head Teacher, Daventry CLP. John Rickarby, Branch Chairman, Lowestoft CLP. Eirlys Roberts, Ex Editor of Which? Kenneth Robinson, Former Cabinet Minister. Kirby Robinson, Treasurer, Newcastle East CLP. David Sainsbury, Businessman. Lord Sainsbury, Labour Peer. Anthony Sampson, Author and Broadcaster. Jack Service, General Secretary CSEU 1970-78. Keith Smith, Scottish Organiser, Campaign for Labour Victory. Robert Souhami, Physician. Janet Suzman, Actress. Dick Taverne, MP Lincoln 1962-74. Clem Thomas, Rugby Correspondent. Stuart Thompstone, Secretary Newark CLP 1980. Lady Thomson of Monifieth. Polly Toynbee, Columnist. Barbara Ward Jackson, Author. Jack Watson, Secretary, Argyll CLP. Clive Wilkinson, Leader, Birmingham City Council. Philip Williams, Political Scientist and Gaitskell Biographer. Peter Wilson, Councillor, Ex-Convenor Lothian Region. Ian Wright, President, Cambridge Students Union Michael Young, Sociologist, Consumer Organiser. Wayland Young, Author and Labour Peer. Michael Zander, University Lawyer.

Powell for Nationality Bill committee

MR. ENOCH POWELL, Unionist MP for South Down, has been co-opted on to the Commons committee discussing the controversial Nationality Bill, to the fury of the Liberals.

Mr. Alan Beith, Liberal Chief Whip, complained bitterly last night that the Labour Whips had deliberately picked Mr. Powell for an Opposition place on the committee rather than Mr. David Alton, Liberal MP for Liverpool, Edge Hill.

"We regard this move as giving a clear advantage on the committee to those on the Government side who want to make the Bill discriminate even more against ethnic minorities," Mr. Beith declared.

New town development bodies to be wound up

BY GARETH GRIFFITHS

SIX NEW TOWN development corporations are to be wound up and their functions transferred to their respective local authorities, Mr. Michael Heseltine, Environment Secretary, said yesterday.

The corporations affected are Northampton, Central Lancashire New Town, Telford, Peterborough, Milton Keynes and Warrington. Northampton will be wound up at the end of 1984. Central Lancashire in December 1985, and the others at the end of the 1980s.

The announcement had been expected. The Government wants more private capital to be invested in the New Town corporations, which have been proceeding with disposal arrangements for some months. The corporation funding has been a matter for central government.

Those affected by yesterday's announcement are known as third-generation new towns. Their corporations were established in the late 1960s and will not be dissolved until population figures set by the Government are reached.

Northampton is expected to have a population of 170,000 before the corporation is wound up, Central Lancashire 270,000, Milton Keynes 150,000, Peterborough 150,000, Telford 130,000 and Warrington 160,000.

Mr. Heseltine said these figures should not be seen as targets. The rates of growth would depend essentially on the demand for private housebuilding and the willingness of the private sector to invest.

Reaction to his announcement was mixed. Mr. Stanley Newens, a Labour MP for Harlow (a new town), said the Government was discriminating against new towns. Many of their local authorities would be unable to deal with housing problems passed over by the development corporations.

'No military training' for jobless with the Army

THE GOVERNMENT yesterday denied reports that military training in uniform might be given to young people under the Youth Opportunities Programme.

But it was confirmed that the Department of Defence is considering ways in which the Army might offer help for the unemployed young people. Discussions are taking place with the Department of Employment.

The possibility that some of the work could involve wearing uniform is not being ruled out, but any suggestion of a return to conscription was strenuously denied in Whitehall, and any participation in army jobs would be voluntary.

The Department of Defence insisted that there was no question of any young people carrying guns or being given military training.

Margaret van Hattem on the Social Democratic Alliance's fresh hopes

Breakaway group believes its hour has come

THE SOCIAL Democratic Alliance, which has been crying in the political wilderness for the past five years, sees itself as the grass roots base of a new social democratic party. However, it is just as likely to be served up as an object lesson in how not to set about realigning British politics.

The SDA, formed in 1975 by 40 Labour councillors, former parliamentary candidates and trade unionists as a Right-wing Labour ginger group, was a political pariah well before its expulsion from the Labour party last year. The two organisers, Dr. Stephen Haseler and Mr. Douglas Eden, who were to become its chairman and secretary, met in the 1960s at the London School of Economics and went on to become polytechnic lecturers in politics and history and fellow Labour councillors on the GLC.

Fervent admirers of Mr. Anthony Crosland, then Environment Secretary, they were determined to counter what they saw as the Party's "disastrous" slide to the Left.

Mr. Roy Jenkins, then Home Secretary who had just resigned the Party's deputy leadership over the decision to hold a referendum on the EEC, at first welcomed the new group. Mr. Crosland publicly praised Dr. Haseler's writings and spoke at a meeting he organised. Mr. Reg Prentice, then Minister for Overseas Development but under threat from Left-wing constituency party members who later ousted him, spoke at several SDA meetings.

But few cared to be publicly associated with the group as it launched into violent and often indiscriminate denunciations of Labour MPs, the National Executive Council, the TUC, and of union leaders including Mr. Jack Jones, Mr. Hugh Scanlon, Mr. David Basnett and Mr. Len Murray whom, in a dossier headed "Forty frightening facts," it accused of close involvement with the Communist Party, the KGB and various East European Governments.

Right-wing Labour MPs quickly dissociated themselves from the SDA—"an extreme Right-wing group, quite unrepresentative of the vast majority of people in the Labour Party," said Mr. Ian Wrigglesworth, then secretary of the Manifesto Group.

Unperturbed, the SDA continued with its warnings against the advance of the Left. Moves against Labour MPs such as Mr. Roy Mason and Mr. Neville Sandelson in their respective constituencies, Dr. Haseler wrote in 1979, were but the tip of an iceberg of Left-wing pressure bearing down on hundreds of Labour councillors as well as MPs.

"Labour moderates, notably Mr. Bill Rodgers, argue that it is the duty of social democrats to fight on within the party," he went on. "If it should become obvious beyond dispute that social democrats can only remain members or hold office by foregoing their right to fight their corner . . . they can leave public life, they can join other parties, or the daring, though essential, adventure of recreating an alternative left of centre party can begin."

The SDA's special conference in London last weekend—convened to weld a number of social democratic groups into a nucleus for a new party—took off on a euphoric wave of "told you so's."

To sympathetic applause from the congregation of 200, born-again social democrats reviled the compromises and fudgings of the past while martyred former Labour councillors recounted their persecution at the hands of the Trotskyist Left.

Rapturous applause greeted Mr. Dick Taverne, former Labour-turned-independent MP, who assured them: "We're not going for the balance of power—we're going to win the next election."

Lord George-Brown, former deputy Labour leader appearing publicly for the first time as the new SDA president, received what may have been his first standing ovation for some time when he cried: "Brothers—ahem, to coin a phrase—we're on our way."


POLITICAL REALIGNMENT

The group has taken heart from the recent spate of opinion polls indicating that the idea of a Liberal-social democratic alliance is more popular in Britain than the reality of the existing parties. It has no hesitation in pressing its claims for a major role in formulating the prospective new party's policy and in nominating its candidates.

It was, after all, by nominating candidates to run against official Labour candidates in the next election that the SDA breached Labour party rules last year and got itself expelled. These candidates, SDA members argue, have more right to social democratic party backing than relative newcomers to the movement.

The group does, however, admit its own unpopularity. Mr. Eden attributes this largely to jealousy. "Politics is dominated by big egos," he says. "They find it difficult to admit that the young fellows have got it right—unless they're very big men like George Brown or Roy Jenkins." The antipathy is also a reaction, he believes, to the SDA's outspokenness — "we weren't just right, we were stridently right in our attacks on moderate leaders. They were unbridled, they were intemperate, but they were not unjustified either."

Social democrat MPs still agonising over whether they should leave Labour and form a new party have rejected the idea of a "marriage" with the Liberals in favour of a looser electoral alliance. This would cut them off from the Liberals' grass roots organisation and campaign machinery and it is highly doubtful whether they could build up their own in time for the next general election.

The SDA does not yet have much to offer in this respect. It claims 2,000 members spread through about 40 branches and affiliated groups, with a handful of councillors. But the lines of contact are not well established — no one seems to know very precisely the number of branches, members or councillors, and there is no regular bulletin or newsletter.

Membership tends to be clustered around prominent personalities such as Dr. Colin Phipps, a former Labour MP in the West Midlands, Mr. Michael Barnes, another former MP in West London, and Mr. Cyril Nottingham, former Labour councillor in Scunthorpe. So far, the organisation has no premises, no paid staff and no money.

It is perhaps a measure of the isolation and uncertainty of those social democrats still in the Parliamentary Labour Party that they no longer care to attack the SDA publicly, however vitriolic some of their private comments. For even its minimal grass roots structures may be needed.

"It's a question of keeping all the options open," says one MP. "You won't see many heads rising above parapets these days but if you listen, you can hear the dull thud of bodies tumbling off the fence into the middle of the road."

THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

ADVERTISING CONTROLS

Tobacco ads — to ban or not to

WITH JUST 28 shopping days to the March 10 Budget, Britain's tobacco makers are understandably concerned about the extent to which the Chancellor plans to raise the rate of tobacco duty, even though an increase much in excess of the inflation rate is thought not on the cards.

At the same time, the tobacco makers are keeping an anxious eye on Parliament, where the anti-smoking lobby's hopes of securing a statutory ban on tobacco advertising this ime around reeeived a major body blow 10 days ago when it became clear that the Department of Health may not now be given time to introduce its Miscellaneous Health Bill, on to whose tailcoat could have been pinned a backbench amendment banning tobacco promotion.

As the tobacco trade is uncomfortably aware, the anti-smoking lobby at Westminster is probably stronger now than it has been for years, though given the pressure on the legislative timetable, it is now having to reconsider both timing and strategy.

Aware that calls for an ad ban have been only temporarily stifled, the Tobacco Advisory Council is about to issue a booklet, Advertising Controls and Their Effects on Total Cigarette Consumption, that amplifies one of the tobacco lobby's fondest beliefs—namely, that there is no worthwhile statistical evidence pointing to a significant relationship between total levels of cigarette advertising and total cigarette sales, it being the manufacturers' case that in their market, anyway, advertising affects changes in brand and market share but not total sales.

Specifically, the booklet examines ocnsumption trends in six conutries where cigarette advertising bans have been in force for a number of years.

As a generalisation, it says, countries that have banned cigarette advertising have seen a much slower rate of conversion to filter cigarettes, as shown in the table, there being strong statistical evidence, it says, that advertising can play an important role in accelerating the movement from non-filter to filter.

Of greater significance, it says, is the development in recent years of the low-tar market, particularly in the UK, U.S. and Germany.

In the U.S., some 48-50 per cent of the cigarette market is now accounted for by brands with a tar delivery of 15 mg or lower; in Germany it is nearer 70 per cent. In Britain, says the council, there were no brands on the market in 1971 with a tar delivery of less than 10 mgs, whereas the sector now had 28 brands with combined sales representing 15 per cent of the total cigarette market, plus a further 44 brands in the low-to-middle tar group (11 mgs-16 mgs) representing an additional 10 per cent of total sales.

"There is no doubt," the council claims, "that changes of this order in market structure could not have occurred in such a short time in any of these three countries without advertising support."

Countries with long term Ad bans	% Filter (1979)	Other Countries	% Filter (1979)
Norway	81	Canada	96
USSR*	30	Germany	88
Poland	43	Australia	97
France	61	UK	92
Hungary	78	U.S.	91
		Japan	98
*(excl. papyrossi)		Belgium/Lux.	80

Source: Maxwell Estimates, Lehman Brothers Kuhn Loeb Research, New York.

The countries that it examines specifically—those with long-standing ad bans—are Italy, Norway, the USSR, Poland, Ireland (where cigarette TV advertising was banned in 1971, prior to the much fiercer restrictions introduced in late '79 and '80), and France.

In most instances the booklet's statistical data is downright sketchy, relying on published figures for total sales instead of per capita consumption. But no matter.

In Italy, it says, a total ban on cigarette advertising was introduced in 1962 to protect the domestic market from imports. In the five years prior to the ban, it says, the annual rate of sales increase averaged nearly 5 per cent. Since 1962, total consumption has risen a further 60 per cent, though at a lower annual rate of increase.

The latest evidence, says the council, is that the Italian cigarette market is now fully mature and that consumption has flattened at around the 90bn mark (published figures for Italy do not include the sizeable contraband trade). There is no evidence, it says, that the ban on advertising has in any way restricted total sales.

In Norway (a country for which it *can* quote per capita consumption), it says that the cigarette market reached maturity in 1970, when per capita adult (15+) consumption was an estimated 2,006 cigarettes annually, against 2,022 in 1979, the intervening Tobacco Act of 1975, which prohibits all forms of tobacco advertising and promotion (including point of sale) having had precisely no effect.

In the USSR, it says, where cigarette ads have been banned for more than 60 years, consumption is rising steadily, and the same goes for Poland, where a total ban of cigarette advertising and promotion has been in force since 1972.

In Ireland, it says, despite a prohibition on cigarette TV advertising in 1971, consumption rose by over a quarter in the following five years. Although it is too early to assess consequences of the most recent legislation, it says, the slight fall in consumption in 1980 is consistent with the very substantial duty increase that occurred early last year.

In France, it says, the market has reached, or is about to reach, maturity, and the French tobacco industry is being "seriously hampered" in its efforts to launch new products with which to ward off imports by the very tight controls on advertising.

TOP NEW GROCERY PRODUCTS

Annual poll spotlights rum bunch indeed

AT FIRST GLANCE, indeed at second and at third, the products voted into place in Super Marketing's list of top new grocery products of 1980 are a rum bunch indeed—the top ten alone including three relaunched brands of toothpaste, plus four other products that are not remotely new.

The poll is carried out annually among buyers from grocery multiples, Co-ops, symbols and cash-and-carry groups. According to the magazine, completed questionnaires were received from buyers representing 65 per cent of retail grocery turnover, a rank order of "success" being calculated for all products assessed.

There was no shortage of these, 1980 having proved a year of bustle and activity, says the magazine, with around 400 new or relaunched grocery products.

One of the sharpest struggles occurred in toothpaste, a £70m market and one of the most profitable of all toiletries sectors, where three of the biggest brands (Colgate, Macleans and Elida Gibbs' SR) were given a relaunch.

> Super Marketing's Top Ten grocery products of the year: 1) Colgate Dental Cream; 2) Rowntree's Lion Bar; 3) ABL Trio; 4) Nestlé's Tip Top and Hovis Digestive; 6) Country Prize Yogurt; 7) Macleans Toothpaste; 8) St. Ivel Cheese Wedges; 9) Pedigree Chum With Rabbit; 10) SR Toothpaste.

Colgate did best, according to this poll, its relaunch carrying it to a peak market share of 27 per cent, which has now levelled at around 25.

There was a slight change in pack colour and type face, and the new improved MFP fluoride Colgate was given £1.55m worth of advertising, plus a 12m national coupon drop. Total toothpaste advertising last year reached a high of £6.5m as the majors, Colgate-Palmolive, Beecham, Elida Gibbs and P and G, which together hold around 87 per cent of sales with eight major brands, fought it out between them.

Runner-up to Colgate was Rowntree Mackintosh's Lion Bar, a chocolate countline originally launched in Yorkshire in 1976 which now claims sales of £15m.

Total confectionary sales last year were worth approximately £1.9bn, the countline sector alone worth an estimated £520m.

Lion Bar made its bow as part of Rowntree's effort to improve its standing in the non-biscuit countline sector, a market previously dominated by Cadbury and Mars.

Another chocolate countline, Associataed Biscuits' Trio, was voted third best product, with claimed sales of £10m. One of AB's major concerns was not to hurt sales of existing house brands like Jacob's Club, and in this it says it has been successful.

Fourth was Nestlé's Tip Top dessert topping launched in February last year, for which sales are put at £6m.

Fifth was Hovis Digestive sweet meal biscuits, launched in May last year and claiming 10-11 per cent of the £40m digestive sector: sixth St. Ivel Country Prize muesli yogurt, said to be a £2m brand. The remainder of the top ten was fleshed out by Macleans (which claims to have consolidated its 20 per cent market share), Unigate's St. Ivel Cheese Wedges, Pedigree Chum with Rabbit (in all, the brand claims 25 per cent of the £200m canned dog food market), and Gibbs SR, the first product ever to be advertised on UK TV back in 1955.

As this was the tenth poll of its kind, the buyers were invited to vote for top product of the decade, a title that fell to St. Ivel Five Pints, a dried skimmed milk powder which was first put into test in 1976, enjoys market leadership, and has been a profitable brand almost from the start.

NEW AGENCIES FOR MARSHALL WARD

GRC—latest win a boost to Tesco hopes

IN A MOVE that has some bearing on the hectic chase for Tesco, Grandfield Rork Collins, one of the fastest-growing of London's newer advertising agencies, has won the Marshall Ward catalogue account, with claimed billings in excess of £1.25m.

At the samet ime, Marshall Ward, the biggest-spending of the mail order companies in the GUS subsidiary, British Mail Order Corporation, has appointed Garratt Baulcombe to handle its Family Album catalogue, with claimed billings of about £1m. Both acounts were at Royds Manchester.

Grandfield Rork Collins is one of five agencies chasing the £8m Tesco account. The others are McCann-Erickson, the holder, of which GRC chairman Nigel Grandfield was formerly chairman, Ogilvy and Mather, Benton and Bowles, and Lintas.

According to GRC, the Marshall Ward win, which follows a seven-way pitch, demonstrates its ability to handle rapid growth and sabotages the claim by McCann that GRC might easily be swamped by an account like Tesco, which is lucrative but also labour intensive.

GRC was formed 16 months ago by three ex-McCann heavyweights, Nigel Grandfield, Graeme Collins and Andy Rork. Claimed 1980 billings were £3.5m but the current annualised rate is put at a little over £10m.

GRC has a staff of 32 packed into its Greek Street premises, but says the payroll will rise to 44 when it moves to larger Jermyn Street offices on February 28.

It currently uses four independent media-buying firms, but is about to appoint its own media director and name further Board appointments.

Etcetera

Nigel Grandfield roundly denies that GRC would be swamped by Tesco (he was at the McCann helm when McCann won Tesco) and says that in the late 1960s, McCann was not at all unbalanced by the win of Esso, even though Esso at the time was worth over £3m—more than 50 per cent of McCann's then billings.

"We are used to managing growth," he said yesterday. "We'd have no trouble at all in staffing the account. We know where bodies are hidden. We stand a very good chance of winning."

He says GRC's play for Tesco has the blessing of Spar, whose business it won in 1979. An additional gain for GRC this week was T. & R. Theakston, the family brewer.

Another drubbing

ITV'S POOR showing in the winter ratings has again been badly clawed, this time by J. Walter Thompson and Young & Rubicam. According to JWT, "horrifying evidence" of a slump in ITV viewing is now all too clear. Y&R says that should ITV shortly clamber back to the respectability of an audience share in excess of 50 per cent versus BBC1 and 2, it would be due to the uncharacteristic weakness of BBC programming rather than to its own strengths.

ITV's audience share in December was 46 per cent, although advertising revenue was strong at £49.4m.

Y&R says that in audience terms, 1980 was "very much the year of the BBC." According to JWT, in the interests of advertisers "immediate steps" must be taken to strengthen ITV's 1981 programme schedules. "Declines in the peak audience of 20-25 per cent between 1978 and 1980 are simply not acceptable," the agency says.

Affable noises

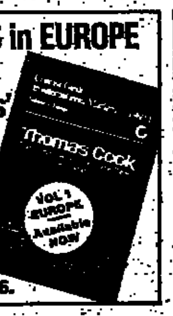
DESPITE THE current flatness of the advertising market (the Advertising Association expects an aggregate fall this year in real-term expenditure of around 10 per cent.), the planned debut on April 12 of the Sunday Express colour magazine is prompting affable noises in Adland.

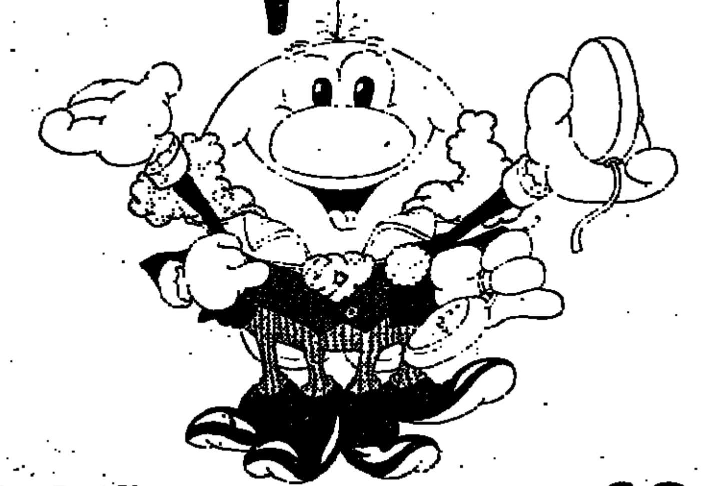
Express Newspapers claims the new title will have over 4m more readers than any other Sunday colour magazine and that advertisement bookings on the opening sales day totalled £3m.

● THE ANNUAL conference of the Market Research Society in Brighton (March 24-27) should achieve is usual lofty levels. One paper is called "Methodological aspects of longitudinal study." Another is entitled "Resolving the hard/soft dilemma: Is that your gun or are you pleased to see me?"

● THE BEEFEATER GIN and Borzoi vodka accounts, with total billings this year put at £850,000, have gone to TBWA.

● MARY QUANT CLOTHES, a division of Britannia Sportswear, has appointed Saatchi & Saatchi Garland-Compton. The planned launch budget is £300,000.





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5. Expatriate Electrical Superintendent—(about 5 years experience is necessary)
6. Expatriate Distribution Superintendent/Engineer—(not less than 5 years experience is required)
7. Expatriate Meter Superintendent—(5 years relevant experience is necessary)
8. Expatriate Mechanical Superintendent—(should have not less than 5 years relevant experience). In all cases a good knowledge of English Language will be required.

Qualifications required, conditions of service and terms of reference of the assignment may be obtained on written request from the Nigerian Offices in the United Kingdom, Ireland, Germany, India, Pakistan, and Sweden.

Interested candidates should forward their applications to reach the under-mentioned not later than 30 days from the date of this publication: Secretary,

Anambra State Water Corporation,
P.M.B. 1296,
3, Constitution Road,
Enugu, Nigeria.

International Property Consultants

A.C.A. and/or M.B.A. — Monte Carlo

Our clients are part of a well-established Swiss-based group which provides a wide range of financial, fiscal and legal services to individual and corporate clients through an international network of offices with over 600 employees. Our clients employ some 20 professional staff in Monte Carlo and specialise in managing offshore investments in the property market and, more recently, the oil and gas industries particularly on the North American continent.

They now wish to appoint the following:-

Property Investment Manager
FF 180,000-220,000 p.a.

The person appointed will be responsible for managing clients' property investment portfolios in North America. This includes establishing appropriate legal and fiscal structures, monitoring development projects, supervising property management and providing *investors and internal management with regular financial statements* and reports. Applicants, male or female, should be Chartered Accountants or financially-orientated M.B.A.'s with good analytical skills who have worked in an international environment although not necessarily in the property market. Preferred age 30-40. Ref. 1530/FT

Property Investment Analyst
FF 160,000-200,000 p.a.

To be responsible for analysing property acquisitions and structuring sale proposals. The role involves recommending financial/fiscal structures and assisting in negotiations for property sales or acquisitions. Applicants, male or female, should be aged 28-35, have a legal or accounting qualification and/or business degree with experience of investigating property acquisitions and disposals. Ref. 1531/FT

Assistant(s)
FF 100,000-140,000 p.a.

Opportunities exist for one or two Chartered Accountants or financially-orientated M.B.A.'s to assist in the above areas. Applicants are likely to be under 30 with the same qualities of intelligence and self-motivation as for the senior positions but are not expected to have acquired the same practical experience. Ref. 1532/FT

Our clients expect candidates to regard these appointments as long-term career *moves and, for their part, provide first-class experience and world wide career* opportunities.

Apply, quoting the appropriate reference to R. A. Phillips, ACIS, FCII, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel. 01-636 0761. Unless instructed to the contrary applications may be forwarded direct to our clients prior to initial interviews in London or Monte Carlo.

Phillips & Carpenter
Selection Consultants

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers co-operating to provide up-dated confidential information relating to employment of expatriates and nationals, world wide.
01-637 7604

EDITOR

London editor part-time for Washington firm to cover special aspects of petroleum industry. Sometimes a bit technical, but good business writing background more important than technical training. Growth to full-time later. Send resume, recent samples, and salary requirements to ERW, Box 39111, Washington, DC 20016 U.S.A.

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Operations Manager

KUWAIT BASED

Exceptional opportunity to join a well established foreign exchange and investment company. The person we seek will assume full responsibility for entire operations. Responsibilities include training and supervision of members of operations group, development of operations procedures and systems and will require the ability to work effectively with all levels of management and communicate well orally and in writing.

The ideal candidate must have at least five years' operational/managerial experience with the international operations of a major money centre or edge act. We offer attractive salary and benefits package.

Please send résumé and salary history in strict confidence to:

Box A.7428, Financial Times
10 Cannon Street, EC4P 4BY

International Internal Auditors

MERCK & Co. Inc., a leading U.S. pharmaceutical company is recruiting two **International Internal Auditors** to be based in Brussels.

The successful candidates will join a team whose function is to perform financial and operational reviews to assure corporate management that subsidiaries are operating with adequate internal controls and in accordance with corporate policies. Approximately 50% of time is spent away from base, primarily in capital cities of Europe.

Candidates should have a University degree, three years' experience in auditing or accountancy and a recognized accounting qualification. It is preferred that they be fluent in at least one other European *language besides English.* We are seeking highly motivated people who exhibit management potential.

The position offers an attractive salary and fringe benefits, and a real opportunity to assume a financial position in one of the company's world-wide locations.

Please reply in confidence with detailed curriculum vitae and professional background to F. Vandewalle, Personnel Department, MERCK SHARP & DOHME, chaussée de Waterloo 1135, 1180 Brussels. (Preliminary interviews will be conducted in London).

MSD

Facilities Controller

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The Saudi British Bank is the only Bank operating with *substantial British* participation in the Kingdom of Saudi Arabia. Its management is the responsibility of The British Bank of the Middle East which holds 40% of the equity and itself is a wholly owned subsidiary of The Hongkong and Shanghai Banking Corporation. The Saudi British Bank offers full retail and wholesale banking services through a branch network based on the Riyadh head office. A Facilities Controller is now being sought who will be located in Riyadh and take full responsibility for the Credit Division of the Bank with its staff of *eleven. Reporting to the Senior Manager* — Financial Operations, the person appointed will assess facilities applications which are outside the discretionary limits of Branches and all Merchant Banking Division proposals, and recommend accordingly. An important task will be the arrangement, offshore, of bonding and other facilities which cannot be undertaken in Saudi Arabia. Candidates, aged over 35, must *have a substantial background in banking* including some five years as manager of an active commercial branch. The ability to exercise sound and balanced judgement and to persuade others will be *essential attributes.* Conditions for the initial two-year contract will include a tax free annual salary which equates to around £22,000 at the present rate of exchange. Benefits will include furnished accommodation, services, education allowances, generous leave entitlement and a 15% terminal bonus.

Ref: AA51/7577/FT

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Foreign Exchange Manager

KUWAIT BASED

We are a leading participant in international currency markets. We are seeking an individual to be responsible for development and control of foreign exchange business for our head office. This person must have minimum three to five years' foreign exchange/administrative experience, buying and selling foreign currencies, setting retail rates, supervising and training members of trading group and developing new business. The candidate must have excellent oral, written, financial and organisational skills. The position involves approximately 10 per cent travel. We offer attractive salary and benefits package.

Please send résumé and salary history, in strict confidence, to:

Box A.7427, Financial Times
10 Cannon Street, EC4P 4BY

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Overseas — Salary negotiable

Lloyds Bank International requires an executive to work alongside local directors in a new leasing company situated in the Far East. Responsibilities will include lease pricing, development of marketing strategies and business systems.

Applications are invited from candidates in their *thirties* with significant experience of the technical and marketing aspects of leasing and hire purchase.

Appointment to our U.K. based international staff carries with it the usual expatriate benefits. The initial assignment will be on *a two year basis.* Thereafter the successful candidate's career can be progressed in either another overseas location or in the U.K.

Please telephone John King on 01-248 9822 *during office hours,* or 0428 2229 in the evening, for further details and an application form.

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Financial Times, 10 Cannon Street, EC4P 4BY

JOBS COLUMN

Marketing director, keen if not aggressive

BY MICHAEL DIXON

THE INTENDED meaning of specialised words cobbled together by particular industries is not always plain to the uninitiated. Take for example "agrochemicals" suddenly launched down the telephone wire by Terry Coslett the other day. Being unable to detect by hearing that the word had only one "g," the Jobs Column drew quite the wrong inference from the "agro" bit.

Back to mind sprang a lecture once delivered by Petty Officer Sharkey Ward at Victoria Barracks, Portsmouth, on a topic which he announced as: "Nerve gas, origins thereof as a war weapon—right?" He then took a deep breath, and continued: "The military potential of this chemical was discovered in pre-war tests of an insecticide in Germany, when the gas successfully disposed of not only the insects wot was sprayed with it but also the poor geezers wot was spraying 'em . . ."

As it happens, that graphic piece of explanation does have a connection with what Mr. Coslett, personnel director of the recently formed FBC company, was intending to communicate to me. But I hasten to state categorically that the connection has nothing whatever to do with either military potential, or research methods which similarly risk its unexpected discovery.

The link lies through insecticides which are among the wide range of agricultural chemicals (henceforth to be known in this column as agrichemicals) made and marketed by FBC. Formed by merger of the appropriate interests of the Boots and the Fisons groups, the company expects total sales of about £150m this year. It is headquartered near Cambridge, and has affiliates in 10 overseas countries.

FBC now needs a marketing director to be responsible to Ian Kent, the managing director, for three main activities in which the newcomer will have to work in concert with the company's regional directors each responsible for profit within their particular zone.

The first of these activities is ensuring that existing products are marketed so as to procure the optimum profit from their widest possible use in all the regions. The second is to see that newly developing products reach the market as economically as possible. The other is to ensure that FBC makes full use of its ability to acquire rights in other products made by different companies.

At headquarters, the marketing director will have four executives in direct support. Two are product group managers, one covering herbicides and fungicides, the other the aforesaid insecticides. A third is the manager of product-acquisition and licensing, and the fourth manages the planning of development work.

Mr. Coslett says he is seeking an unusual combination of attributes in candidates. They need sound knowledge of the various sciences and skills underlying the agrichemicals industry, which range from biological sciences to chemical engineering, and also demonstrable success in profit-responsible marketing management of international scope. Fluency in a second major language would help. "And if they can walk on water as well, it wouldnae come amiss," chipped in Ian Kent.

No salary is quoted, but my guess would be £25,000-£30,000 with perks including a car. Applications, which it would be best to keep brief and pertinent, to Terry Coslett at Hauxton, Cambridge CB2 5HU; telephone 0223 870312, telex 81654.

Production

NOT FAR from FBC's headquarters labours Geoffrey King, the chief of Cambridge Recruitment Consultants, who is seeking a production director for a major manufacturing complex of an international pharmaceuticals group. Since he may not name the employer, he promises to honour any applicant's request not to be indentified to the client without further permission: and the same goes for the other headhunters to be mentioned farther on.

The job is sited well to the north of Cambridge, and the recruit will be in charge of operations which are being extended by the addition to bulk chemicals plants of a multi-purpose plant to make small tonnages. The £20m expansion programme will increase the 600-strong workforce to about 900 next year, including numerous graduates.

Candidates should have an appropriate professional qualification and have already managed production in a complex of comparable scope. Mr. King also wants evidence of ability to communicate incisively with, presumably, non-technical people as well as those who think in formulae and prefer to express themselves with spanners. Highly developed analytical skills are wanted, too.

Starting salary here will be up to £25,000 or thereabouts, and there will be a car among the other benefits. The specification adds, darkly, that the "remuneration package will be tailored." But I do not think this means that the rewards will include a company suit or costume, because they seem lately to have gone out of fashion. Therefore make of it what you will.

Geoffrey King says that applicants may either send him an outline of their career or ask him so send them an application form. His address is 1a Rose Crescent, Cambridge CB2 3LL; telephone 0223 311316.

Group chief

A NEWCOMER to this column is Stewart Mitchell, director of the appointments division of the P-E Consulting Group. And I can only hope he finds the experience worthwhile, because whether he does so will depend on you readers' providing him with the group managing director he seeks for a job in south-east England.

The group is an engineering business covering equipment and services, and operating in the United States as well as the United Kingdom. It has about 450 employees, and a turnover of nearly £10m. But it isn't doing well enough, I fear, and the recruit will need to gee it up considerably.

Demonstrable profit-making ability is therefore of the essence, together with developed penchant for marketing. Both must be founded upon successful general management either during or after service in a high-technology business, preferably involved in hydraulics, and computers and electronics to boot. Experience of development work in products and systems, and appreciation of the complexities of overseas contracts are also desired. In this case, water-walking skill is not specified—which rather surprises me.

Salary indicator is £25,000. Perks include prospect of an equity stake as well as a car.

Inquiries to Mr. Mitchell, 1, Albemarle Street, London W1X 3HF. Tel. 01-409 2669, Telex 933783.

Merchandise

LASTLY today to a merchandise controller's job in north-east England being offered by recruitment consultant Dirk Degenhart on behalf of an international chain-store retailer of household goods, especially textiles.

The recruit will be responsible to the chief executive for determining the range of merchandise to be sold, and controlling its sourcing, warehousing, and distribution to the stores. Success in comparable work is essential, as is understanding of up-to-date merchandising techniques.

The salary indicator is around £15,000, with car among perks.

Inquiries to Mr. Degenhart who, with his Partners, works at 140, Sloane Street, London SW1X 9AY. Tel. 01-730 5608 and 0341, or between 9 pm and 7 am 01-994 2157.

Banking

Lending Officers — c. $55,000 (tax free)
Prime Mid-Eastern bank seeks a number of senior credit/lending officers to assist in its continuing growth–ideally early/mid 30's and US bank trained.

Accountant — £12,000-£15,000
Major international bank seeks an Accountant, 28-35, ideally ACA/ACCA, with thorough knowledge of international bank accounting procedures.

Foreign Exchange Settlements Manager — c. £20,000 (tax free)
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Prominent international bank seeks fully trained credit analyst to join a specialist lending team, and offers the opportunity for involvement in the bank's marketing plans.

Securities/Eurobonds — £ Neg
Prime American Bank seeks two thoroughly experienced securities administrators to strengthen the existing team – Eurobond experience is essential for one position.

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Excellent opportunity for a young banker with 18 months' experience of credit analysis to join an expanding international bank where career prospects are outstanding. Preference will be given to candidates with knowledge of an additional foreign language.

Contact Tom Kolinsky in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside·London EC2·Telephone 01-248 3812 3 4 5

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Industrial and Commercial Finance Corporation is owned by the clearing banks and the Bank of England. It is a private sector commercial institution providing loan and equity finance and financial services to smaller and medium sized companies. There are eighteen offices throughout the U.K. and our Management Advisory Services are based at Solihull.

We are currently seeking a further Investigating Accountant to join the Management Advisory Services team. *Members of this team contribute to investment decisions by appraising and* reporting to our Investment Controllers on the operations of companies seeking finance.

Working alone, an Investigating Accountant will make a two or three day visit to an applicant company prior to making a well reasoned written investment recommendation. The decision process requires a blend of decisiveness, imagination and commercial realism.

You could become one of our Investigating Accountants if you have:

* A minimum of 8 years post qualification experience as a Chartered Accountant ideally in investigation and industrial work
* *A sound knowledge of cost and management accounting* as well as *financial* accounting and taxation
* Self-discipline to operate to tight schedules, formulate reasoned judgements and write cogent reports
* Ability to develop good relationships with internal finance people and with customers' management.

The work entails substantial travel and an executive car is provided. Benefits include a concessionary mortgage scheme, and a non-contributory pension plan.
Please send a full cv, including salary history, in confidence to

M. C. Wiseman, ICFC Limited,
Radcliffe House, Blenheim Court, Solihull, West Midlands, B91 2UB.

Director of Finance and Administration

City — **£30,000+**

Applications are invited for this important new appointment in an international City stockbroking firm with direct responsibility to the Senior Partner.

Appropriate candidates will be commercially minded Chartered Accountants with administrative and data processing experience. Only high calibre persons are likely to have the right impact quickly and be able to influence personally the successful development of this business by highly efficient financial and administrative control.

Stockbroking experience is desirable but not essential.

This appointment is open to both male and female candidates who should send adequate particulars initially, in confidence, to John Finnigan, Personnel Services Division of:–

Spicer and Pegler Management Consultants,
St. Mary Axe House,
56-60 St. Mary Axe,
London EC3A 8BJ.

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seeks

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With the growth of our deposit business with institutional and corporate clients we are looking for a sterling dealer devoted full-time to client contact and servicing. He/she will work in an active multi-purpose dealing room comprising FX and precious metals as well as sterling and currency deposit trading. The candidate must have a sound knowledge of the sterling money market obtained preferably on the trading desk of a City firm. Salary negotiable based on experience and capability.

Reply in confidence to
Vanessa Hunt, Personnel Manager,
TRADE DEVELOPMENT BANK,
21 Aldermanbury, London EC2P 2BY.

Financial Controller

c.£19,000 + car

Our client, a shipping agency representing overseas lines, wishes to appoint a Financial Controller who will report to a main board member.

The essential responsibilities of the position include:

* proper control of the company's financial resources
* development of an effective accounting and data processing team *(present strength 50)*
* provision of financial and management information

Candidates should be qualified accountants, aged 35+, with good, all round commercial and financial experience. They must be able to work well with commercial managers and be effective in running a department. Knowledge of computers and their applications is also important.

The position is based to the east of London, and *company benefits include a car, non contributory* pension and private medical cover. Starting salary will be around £19,000.

Please telephone or write for a personal history form and job specification, quoting ref. 1315, to:

bhf
Anne Knell,
Binder Hamlyn Fry & Co.,
Management Consultants,
227/228 Strand,
London WC2R 1BZ.
Tel: 01-353 5171.

R·H

BANKING

City — **to £13,000 + benefits**
Our client is an International bank with offices in more than 60 countries. The ideal candidate will be 28-40 with a minimum of two years experience *in banking. With a staff of seven he/she will be* involved in budget preparation, consolidated accounts, statutory returns and the presentation of relevant information to senior management. Excellent prospects and generous package.

CONSULTANCY

C. London — ***to £13,000 + car***
Qualified accountants with hands-on experience of management accounting, costing, systems etc. are offered stimulating opportunities in specialist roles with this management consultancy. Working in a team, each consultant must be able to communicate easily with all levels of staff and management and must be able to write cohesive technical reports. Exposure to many kinds of *industrial problems creates a fast-moving and interesting* environment.

CHIEF ACCOUNTANT

City — **c £12,000**
A large private trading group has had a key position fall vacant as a result of a recent round of promotions. *The need is for a qualified* person with sound powers of communication allied with a sleeves up approach to problem solving. The post takes control of ten staff engaged in all accounting activities and will also be heavily engaged in the development of computer applications.

FRONT DOOR TO THE BANK

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All too often the back door entrance is difficult to find. In this *instance an international bank has two vacancies to offer in their* audit department which is seen as a training ground for later career development. The first position is for a recently qualified A.C.A. who can expect travel opportunities to Europe, the Middle East and Africa. *The second vacancy is for a person with an in-depth EDP* knowledge.

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C. London — **£10,000**
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★ The requirement for this branch is for a young, *qualified banker with an outgoing personality.*

★ Salary: Negotiable.

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To apply, please write or telephone for an application form, to:

Mrs. C. Gregory, Personnel Assistant,
Provident Financial Group Limited,
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Tel: 0274 33321 Ext. 487.

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FINANCIAL ANALYST

EUROPE

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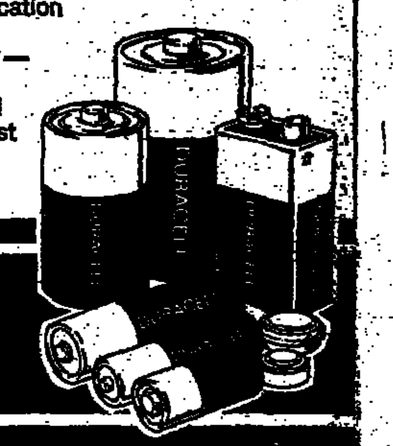
Aged in your 20s, you will preferably have a business degree or accountancy qualification backed by some experience in financial analysis. Above all you'll be looking for more involvement in decision-making.

Career development prospects are outstanding. A comprehensive benefits package includes assistance with relocation where appropriate.

For more information ring Roger Cope, Manager — *Financial Analysis. Or send full career details to* Mike Amos, Personnel Manager — Europe, Duracell Europe, Mallory House, Gatwick Road, Crawley, West Sussex. *Tel: Crawley (0293) 26041.*



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D. H. Dorken, Director of Personnel Services,
SMITH KLINE & FRENCH LABORATORIES LIMITED
Mundells, Welwyn Garden City, Herts. AL7 1EY.

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Company Secretary

DESIGNATE

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Candidates must be Chartered Accountants with significant experience of Company Secretarial responsibility in public companies and of financial accounting at Holding Company level. Age range: 40 to 47 years.

Salary up to £17,000 p.a., car, benefits normal to a major public company.

Based at Cannon Street, with visits to UK subsidiaries and occasional travel overseas.

Please write stating age, current salary and how you meet our Client's requirements quoting reference CS/4118/FT on both letter and envelope. Men and women are invited to apply. No information will be disclosed to our Client without permission.

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Consultant

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For someone who is perhaps under-rewarded or under-stretched in a brokerage or insurance company, this is a genuine chance to make a major contribution. We listen to ideas and we are quick to recognize ability and reward it.

Think about it. Then write, enclosing a detailed c.v., and we'll get together to work out a future.

M. L. Fielder, Personnel Division,
Prudential Assurance Co. Ltd.,
142 Holborn Bars,
London, EC1N 2NH.
01-405 9222 ext. 2565

Prudential

Acquisition Executive

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London **£16-£20000 + Car**

Our client is a major British quoted enterprise operating internationally, and we are advising on the appointment of a senior executive to be responsible for identifying UK companies suitable for acquisition.

The appointed candidate will report to a group chairman. Ideally aged 35 plus, he will be a graduate (or equivalent) with a business qualification. A knowledge of building merchants or a related industry is desirable. Must be able to evaluate company performance and potential.

Excellent career prospects. Rewards will include a quality car, BUPA, and the benefits normally associated with a very large company.

Please apply in strict confidence, giving details of education, career, present salary and age, to Jackson Taylor.

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Court Chambers, 2 Coniscliffe Road, Darlington, Co. Durham DL3 7RG, England. Tel: (0325) 55426.

In association with Jackson Taylor International Limited

HOGG ROBINSON

CREDIT INSURANCE BROKER

London

The Credit Insurance Association Limited are the leading specialist credit insurance brokers providing widely-based advice to industry and commerce in all fields of political and commercial risk.

Due to expansion we are planning to add to our consulting and broking team responsible for major overseas projects. This team advises major exporters both in the UK and overseas in the analysis and mitigation of commercial and political risks. Such work includes advice on contract conditions and the negotiation of ECGD and equivalent insurances.

We seek people of above-average ability who, after a thorough training programme, should be capable of achieving the high standards of negotiation and problem-solving required of our existing staff.

Candidates should have had some experience in this field, whether by way of exporting or through a related profession. Legal qualifications may be an advantage.

Starting salary negotiable: excellent benefits of employment, and there are exceptional career prospects.

Please apply to: J. H. Gladwin, Personnel Director,
Hogg Robinson Group Limited, Lloyds Chambers,
9/13, Crutched Friars, London EC3N 2JS.

Assistant Manager

Treasury

Brighton **c. £7,500 + mortgage subsidy**

As a result of continued growth within the Travelers Cheque Division we are strengthening the management team by creating the new position of Assistant Manager-Treasury.

Initially reporting to the Finance Director-Treasury the person appointed will play a key role in assisting in the daily operation of the department which includes the management of cash in several currencies.

The function encompasses the processing and control of cash received, investment of funds and bank account balance control, Foreign Exchange recording dealing and revenue control. You will need to become knowledgeable in all these areas but will eventually specialise in one specific area – dependent upon your knowledge and our requirements.

A thorough knowledge of international banking systems and large multi-national financial organisations is required, especially foreign exchange and cash and investment control. An understanding of the various types of investment instruments available in the international money market is also essential. It is unlikely that anyone, male or female, aged under 25 will have the experience and maturity to work effectively at this level.

As a highly successful and profitable international organisation we can offer exceptional long term prospects in addition to a salary in the region of £7,500 and a competitive benefits package which includes mortgage subsidy.

Please write with full career details to: Mrs. S. Stuart, Personnel Manager, American Express, Travelers Cheque Division, Amex House, Edward Street, Brighton BN2 2LP.

AMERICAN EXPRESS

Assistant to Marketing Director

High technology growth company with budgeted 1981 turnover of £5 million have created this new appointment involving extensive travel and offering senior position within export orientated family business, established 1952.

We are particularly looking for proven marketing and sales experience in a well run company and for evidence of achievement in management.

Ideal candidates would be resourceful, have entrepreneurial flair and be in their late thirties.

A salary of £20,000 plus bonus of £5,000 is envisaged for the first year, later, salary will reflect results achieved.

Short resume of achievements, education and present salary. Please address to:

THE SAS GROUP OF COMPANIES
Victoria House, Vernon Place, Holborn
London WC1B 4DF

FOR SALE

In return for package worth £20-25,000 pa.

MANAGERIAL SKILLS

Mid 40's, degree qualified, task motivated, FBIM.

Experience at director level in medium sized companies in Wholesaling and Manufacturing Industry.

Knowledge of A/C's computers and systems.

Present position providing inadequate incentive.

French spoken fluently, willing to travel, could be available mid 1981.

CV sent on request to those with interesting proposals.

Reply Box No. A7049
The Financial Times Ltd.
Bracken House,
10 Cannon Street, London EC4P 4BY

Group Taxation Manager

c.£14,000+Car

A Chartered Accountant tax specialist aged around 30, with a minimum of 4 years' experience in a professional tax department or at present Deputy Head of Taxation in a substantial British Group, is required as Group Taxation Manager by a large UK trading organisation with substantial property interests.

The client Group is presently embarking on an ambitious and exciting investment programme and the successful applicant will have an opportunity to contribute, at all levels, to the development of the business. The individual appointed will be accountable for handling all of the Group's tax affairs and will be required to devise, recommend and implement taxation policies both at the centre and at trading company level.

The position will be based in an accessible area of North London. Relocation assistance is available if necessary.

Please write in confidence to B. H. Mason at 78 Wigmore Street, London W1H 9DQ, showing clearly how you meet our client's requirements, quoting reference 6041/FT. Both men and women may apply.

John Courtis and Partners

TSW-TELEVISION SOUTH WEST

TSW has been offered the contract to provide the ITV service for the S.W. England region from 1st January, 1982, onwards. The company is seeking two key personnel who will enjoy working with a young and enthusiastic team where innovation and new ideas are welcomed.

FINANCIAL DIRECTOR DESIGNATE

To start as soon as possible. This very senior position offers substantial material benefits and allows wide scope for establishing complete financial systems.

All applications will be treated in the strictest confidence and full details should be sent to: David Johnstone, MA, FCA, Managing Director, Dartington & Co. Ltd., Bush House, 72 Prince Street, Bristol, BS1 4HU.

COMPANY SECRETARY

To start as soon as possible. The Secretary will be responsible not only for the normal statutory and other duties within a public company, but also for providing legal services in relation to contracts, copyright and similar matters.

The ideal applicant will be legally qualified and experience in the entertainment area would be useful. This is an important full-time position for which remuneration and other benefits will be negotiable according to qualifications and experience.

All applications will be treated in strictest confidence and full details should be sent to: Gareth Keene, MA, LLB, The Dartington Hall Trust, Central Offices, Dartington, Totnes, South Devon, TQ9 6JE. Totnes (0803) 862271.

MERCHANT BANKING

GILT MANAGEMENT

A challenging opportunity has arisen for a keen and intelligent person to join our successful and expanding investment department. We require an experienced fixed interest dealer to fill a new position which has arisen from the substantial growth of funds under management and our greater involvement with international fixed interest securities.

Ideally candidates will be in the 23-28 age group and may well have an honours degree, but previous experience in a similar financial environment will be more important.

The ability to work as part of a team with a minimum of supervision will be essential. Strong emphasis is placed on an individual's capacity to make mature judgments and express them articulately.

A highly competitive remuneration package, which will reflect the importance of the position, is envisaged. Applicants should write, enclosing a detailed curriculum vitae, to:

F. J. Healy, Personnel Manager
THE INVESTMENT BANK OF IRELAND LIMITED
91 Pembroke Road, Dublin 4

The Governing Body invites applications for the post of

Director

of the Polytechnic

Salary £24,111 per annum.

Application forms and further particulars are obtainable from the Clerk to the Governors, Manchester Polytechnic, All Saints, Manchester, M15 6BH

Closing date for receipt of applications 28 February 1981

Manchester Polytechnic

Outstanding P.A./Secretary

Chairman (40) of International Export Company involved in Defence Equipment sales requires a Personal Assistant/Secretary. Ideal applicant will be experienced at senior level and have a strong organisational flair, add. to all round ability. This is a stimulating career position and is likely to involve travel. Skill, integrity and loyalty will be generously rewarded.

Write detailed letter of application to:

RICHARD J. R. UNWIN
RICHARD UNWIN INTERNATIONAL LTD
21/22 GROSVENOR STREET, LONDON W1

MANAGER-CREDIT

Prominent International Bank

City **c. £14,000**

Expansion of the bank's lending activity and internal promotion have led to the requirement for a **senior credit analyst** to assume responsibility for control and supervision of the loan portfolio which is primarily Latin American.

Candidates, male or female, ideally graduates in the range 28-34 years and U.S. bank trained, will possess a minimum of 5 years' international credit experience; an economics background could be a distinct advantage.

This is a most attractive career opportunity with a highly successful bank and the salary and fringe benefits will amply reflect the importance which our client attaches to the appointment.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside London EC2 Telephone 01-248 3812 3 4 5

Gray Dawes Bank LIMITED

Export Finance Director

Required by Gray Dawes Export Finance Limited, a wholly owned subsidiary of Gray Dawes Bank Limited. The successful candidate will need to be fully experienced in the workings of Export Credits Guarantee Department and export finance generally.

The successful applicant will be self-motivated, with the ability to deal with clients and professional advisers at a high level.

This is both a challenging and rewarding position and, as a Board appointment, carries the salary and other benefits commensurate to a Director within a banking group.

The position will be located at Gray Dawes Bank Limited in London. Confidential applications and curriculum vitae should be addressed to:

The Chairman,
Gray Dawes Export Finance Limited,
40 St Mary Axe, London EC3A 8EU

FINANCIAL PUBLIC RELATIONS

A leading and established Public Relations Agency have a vacancy at senior level for an Account Director, capable of handling a group of financial accounts. This post will command a substantial salary and other fringe benefits. The successful applicant is unlikely to be under the age of 30 and need not currently be in the field of PR. A sound knowledge of the City is, though, essential. Applicants should apply as soon as possible by telephoning 01-248 8639.

David Grove Associates
Bank Executive Recruitment
60 Cheapside London EC2V 6AX
Telephone 01-236 0640

INTERNATIONAL FIXED INTEREST SECURITIES c. £10,000 neg.

Our client is a leading North American Investment House which seeks to develop its European Institutional marketing operations.

The successful candidate will be given suitable training but should have a sound background in the MONEY MARKET, particularly the C.D. and commercial paper sectors.

Candidates should possess outgoing personalities, a will to succeed and freedom to travel.

BRANCH MANAGER - MIDDLE EAST £ neg.

A leading bank in the Middle East seeks an experienced overseas branch manager for a demanding pioneering position.

It is anticipated candidates will be over 40, probably with African experience and an A.I.B.

BRANCH BANK MANAGER - LONDON £8,000

Excellent opportunity for A.I.B. Grade IV or V clearing bank person to develop management potential within an expanding operation.

PLEASE CONTACT DAVID GROVE ON 01-248 1858.

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

INVESTMENT PORTFOLIO MANAGER £12-15,000	Leading Accepting House seeks an individual aged up to 35 with several years' experience in the management of either private clients' discretionary funds or pension funds.
V-P. LENDING German-speaking £16-20,000	For U.S. bank, reporting to Chief Executive (London). Essential requirements – graduate; age 29-34; English mother-tongue, fluent German; U.S. bank background, including formal credit training and marketing experience in German-speaking Europe, ideally specializing in trade finance.
CREDIT OFFICER c. £12,000	Graduate (possibly M.B.A.), aged 25-30, with 2-4 years' bank credit/lending experience, for London-based N. American merchant bank. Responsible initially for sovereign risk, with increasing involvement in corporate banking.
LOANS & CREDITS SUPERVISOR to £8,300	Aged 26-30, for continental bank. Sound knowledge of loan admin./documentation required, together with understanding of credit assessment.
CREDIT ANALYST to £6,500	International banking opportunity for young clearing banker (22-25), Grade III or IV, with understanding of credit assessment. A.I.B. or near preferred.
DOC. CREDITS/ BILLS c. £10,000	Senior post within 40-strong Doc. Credit Dept., requiring 7 years' all-round D/C experience. Another, similar appointment, in Bills Dept. also requiring 7 years' relative experience. Age late 20s +.

For further details, please telephone Kevin Byrne or Brian Gooch

First floor–entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

Financial director

Middlesex, £20,000+?

C&L

Started in the 70's by the present MD this group has grown rapidly, is highly successful and is now among the leaders in its sector of the communications industry. The style is unmistakably entrepreneurial, vigorous and above all fast moving. They describe it as a "quick business"!

Your responsibility for the financial and administrative functions is total. Key tasks include financial and cash control, liaison with the financial institutions and some travelling to provide fairly detailed help to several overseas subsidiaries at various stages of development. Your supporting staff includes two qualified accountants but it is essentially a shirtsleeves job.

The specification is fairly tight. You are almost certainly a Chartered Accountant – or must be able to match the audit training – and have a good record of managing people outside the profession. You know what international business is like having worked – not just visited – overseas for several months. And you should feel comfortable working with entrepreneurs – professionally effective yet commercial, constructive and not restricting. "How to do it" not "don't do it" is your outlook. Inevitably you will need a high energy level! Age mid 30's? Package entirely negotiable: Could include profit sharing and equity in due course.

Résumés including a daytime telephone number to E J Robins, Executive Selection Division, Ref. R.486.

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

Shelley House Noble Street
London EC2V 7DQ

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Job search is highly competitive – you need
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Phone for a confidential discussion with Europe's most experienced re-deployment consultancy.
If you are becoming redundant enquire how your employer can include job search services in your severance package.

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Trafalgar Square
London WC2

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A good C.V. is an essential marketing device for ANYONE on the move. Your experience is VALUABLE – market it properly!
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After many years experience in the Recruitment market we know that many people, even senior executives, have difficulty in writing and presenting themselves effectively.
Our consultants have the specialised writing, editing and design skills necessary to produce an effective and individual C.V. for you.
IF YOU DON'T PRESENT A GOOD C.V., SOMEONE ELSE WILL!
Telephone, write or call for further details:–

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Dept. FT103
12 Burleigh St., WC2E 7PX
01-836 4561

North Sea Analysts
Public Affairs

Within the Public Affairs Department of the British National Oil Corporation a key appointment has arisen which is concerned with the resourcing and presentation of information.

The Corporation is determined to maintain its prestigious reputation as an authority on North Sea oil developments and this post will provide added expertise in this important function. Liaising with the Head of Public Affairs, the man or woman appointed will be concerned with identifying trends within the industry based on information gathered from established and new sources, and with presenting this information in briefing form to BNOC Senior Management. The areas of activity covered will include licensing, exploration, drilling, production, financial investment etc. On occasion there will be the opportunity to publish papers externally.

You should be formally qualified and with some years' analysis experience in the oil industry, including a knowledge of the North Sea. You must have a high level of communicative skills, be conversant with the financial management of multi-million pound projects, and be able to instigate research on your own initiative.

For the post an attractive salary will be offered which, supported by comprehensive benefits and generous assistance with relocation to Glasgow where necessary, provides long term career security.

Please apply in writing quoting the reference PC/FT to:
Peter Craig
Divisional Personnel Officer
The British National Oil Corporation
150 St Vincent Street
Glasgow G2 5LJ

BNOC

The British National Oil Corporation

MONEY MARKET SALESMAN

2-5 YEARS EXPERIENCE

We are looking for an experienced salesman of money market instruments to cover banks and similar institutions in London. The ideal candidate will be someone already engaged in this activity who has a demonstrated record of high production, creativity and adaptability. High intelligence and a preference for autonomy and hard work will be required.

A graduate-degree from a U.S. or European business school and a language ability will be helpful but not essential. This is an excellent opportunity for a highly achievement-oriented individual. Those interested should apply in writing with c.v. to Anthony T. Smith, Goldman Sachs International Corp., 162 Queen Victoria Street, London, EC4V 4DB. No telephone enquiries.

Goldman Sachs International Corp.
New York · London · Tokyo

Goldman Sachs

TRADER

INTERNATIONAL PETROLEUM EXCHANGE

Leading international brokers require oil trader aged 25/30 with first-hand experience of the spot market to join a new team, extending company's operations, with particular emphasis on oil futures. Salary negotiable. All applications treated in strictest confidence.

Write Box A7422, Financial Times, 10 Cannon Street, EC4P 4BY.

O. & M. IN BANKING. Expanding UK subsidiary of major International Bank has interesting opening for an O. & M. Analyst with minimum two years experience in a banking or financial environment. Opportunity to work on own initiative within small team involved in all aspects of domestic and international banking. Attractive salary and fringe benefits according to age and experience. Please write with c.v. to Mrs. Bendelman, Bank Leumi (U.K.) Ltd., 4-7 Woodstock Street, London, W.1.

SENIOR SYNDICATION OFFICER

Leading Gulf Bank

Applications are invited for this Gulf-based position which carries responsibility for regional and international syndications. The Bank's portfolio is substantial and embraces government, corporate and project financing. Candidates should have 4 to 5 years' experience of international banking, with particular emphasis on legal documentation, information memoranda and marketing of syndications. The terms and conditions of employment are attractive and contract duration is negotiable.

Please write in complete confidence including a c.v. to Box No. A7426, Financial Times, Bracken House, 10 Cannon Street, London EC4.

Senior Internal Auditors

Due to promotions, the Corporate Audit Department is seeking Senior Internal Auditors to conduct audits and special assignments for our diversified businesses.

The successful candidates will be Chartered Accountants in their mid-20's, preferably from one of the big eight firms of Public Accountants. They will be prepared to travel extensively in Europe and, if necessary, to South America and the Far East.

Applicants should be self-starters who require minimal supervision and have the ability to motivate fellow staff members. The ability to communicate both orally and in writing, with all levels of management, is essential. Fluency in another European language is desirable, although not necessary.

An attractive remuneration package will be negotiated.

Replies, with detailed resume to: **Pam A. Torma, RCA International Limited, 50 Curzon Street, London W1Y 8EU.**

RCA

Chief Accountant.

Hoseasons are Britain's largest letting agent for self-catering holiday accommodation. (Holiday Boats and Holiday-Homes.)

The turnover generated for our principals in 1980 was £25 million and for 1981 it will exceed £30 million.

We are seeking a qualified accountant in the age range 25 to 35 to assume responsibility for all accounting functions. He/she will report direct to the Joint Managing Director and his/her responsibilities will include the day-to-day control of a busy accounts office, preparation of final accounts for audit, budgetary control, cash-flow forecasting and control, and the provision of a full costing and management information service.

A sound working knowledge of computerised accounting methods is essential. We presently use ICL and NCR equipment and have plans for further development of our systems.

This situation offers a challenging and developing career with a market leader in the self-catering holiday business.

A minimum salary of £9,000 is envisaged together with a non-contributory BUPA health scheme and a contributory pension scheme.

Please write, enclosing a full resumé of your qualifications and your experience to:–

Eric Humphries, Joint Managing Director,
Hoseasons Holidays Limited, Sunway House, Lowestoft, Suffolk NR32 3LT.

All applications will be treated in the strictest confidence and no approach will be made to current or past employers without prior consent.

HOSEASONS
The No.1 in Boating and Holiday-Homes.

LAURENCE, PRUST & CO.

CORPORATE FINANCE DEPARTMENT

Stockbrokers Laurence, Prust & Co. require an additional senior executive for their Corporate Finance Department.

Applications are invited from well-qualified, experienced personnel in the approximate age range 25 to 35 years.

The successful applicant will be offered a salary reflecting the seniority of the position, together with participation in the firm's bonus scheme.

Write, enclosing a detailed curriculum vitae, to A. T. Treacy, Laurence, Prust & Co., Basildon House, 7-11 Moorgate, London EC2R 6AH.

The F&C Group

Actuary/Accountant

The F&C Group of Investment Trust Companies is seeking to employ a graduate, preferably with a professional qualification as an Actuary or Accountant. The main job will be to promote the development and expansion of their investment management department for institutional clients such as pension funds and charities.

The post offers a challenging opportunity to the successful candidate, who will probably be between 25 and 30 years of age, with at least three years' experience in investment or closely related activities.

A competitive salary package will be offered which will reflect both initial qualifications and subsequent progress.

Please apply in confidence giving full details to:
R. J. Clayton,
F&C Management Limited,
1 Laurence Pountney Hill,
London EC4R 0BA.

Group Financial Director

A Finance Manager is required to assume total responsibility for the profitable operation of a private holding company, controlling the affairs of several subsidiaries, in the pharmaceutical, plastics and related fields.

The Group, which operates from a corporate headquarters near Esher, Surrey, has enjoyed a period of rapid growth in the past and expects to maintain that growth in the future, which will be derived from both home and export markets.

Applicants should be able to demonstrate a logical pattern of career growth, including a period of not less than three years in a senior financial management position in manufacturing industry where success can be proven. The Group will attach great importance to the management capabilities which applicants can offer as it is expected that the job holder will ultimately make a very positive contribution to the general management of the Group and its subsidiaries. High quality performance in this function is expected as this is an immediate appointment direct to the holding company board. This is a challenging and demanding appointment carrying with it an extremely attractive salary package and substantial opportunities for further career growth.

Applicants, who should be aged 35-45 and hold a professional qualification from one of the major accountancy bodies, should supply full personal and career details to the Chairman and Managing Director:

CONTACTASOL LIMITED
Ruxley Towers, Claygate, Esher, Surrey
Tel: Esher 62241

RH

CREDIT ANALYST

Prestigious International Bank requires a credit analyst to work primarily on European sector. Candidates should be of graduate level with a minimum of 18 months experience gained in international banking or broking. Excellent opportunity to gain all-round experience and promotional prospects are excellent. Salary c £10,000.

DEPUTY MANAGER ACCOUNTING

Leading city based bank wishes to appoint a Deputy Manager of accounts department. Applicants aged 30 yrs.+ (not necessarily qualified) and with supervisory experience should be fully conversant in management/financial accounting. A knowledge of banking related duties an advantage but not necessary. Salary to c £11,500.

EUROBOND TRADER

Applications are invited from experienced bond traders who feel they possess the maturity and confidence to work in an extremely client-orientated direct liaison environment. The Bank offers a salary of c £13,000, excellent benefits and promotional structure.

Lee House, London Wall, London EC2Y 5AS Tel 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

Financial Accountant

West End **c£10,000+benefits**

We are a rapidly expanding financial group offering a wide range of banking and allied services. We require a qualified accountant aged 25-30 to assist and report directly to the Group Financial Controller. Candidates should have good commercial experience and possess initiative and drive.

Duties will include responsibility for the financial and management accounting functions and development of existing computerised accounting systems and internal controls. Salary will be negotiated up to £10,000 p.a. and benefits include non-contributory pension and medical schemes.

Please write for an application form to K. C. March.

MANSON FINANCE TRUST LIMITED
Henrietta House, Henrietta Place, London W1M 9AG

Assistant Finance Director

For Long Established Insurance Company specialising in Motor and General Insurance and operating throughout the U.K. with City of London Headquarters. Gross Premium Income £45 million.

ROLE

A challenging position reporting to the Deputy General Manager (Finance) on all financial aspects of the insurance business, development of control systems interlinked with computer based operations and overall emphasis on corporate financial planning.

REQUIREMENTS

The successful candidate will be a professionally qualified Accountant with a proven record of attainment at senior level, preferably with insurance background. Aged 30-40 years.

An ability to join an experienced professional team thereby making a personal contribution towards an ambitious development programme. Salary by arrangement circa £17,500 per annum.

An ultimate Board appointment is envisaged.

Please apply in writing with full C.V. to E. Carter, Chairman,

The National Insurance and Guarantee Corporation Limited
Established 1894. A Member of Heron Corporation.
Citadel House, 5/11, Fetter Lane, London, EC4P 4NA.

FOREIGN EXCHANGE DEALER

One of our International Banking clients wishes to recruit an experienced Foreign Exchange Dealer to act as the No. 2 to the Chief Dealer. It is envisaged that the successful candidate will be in his or her late 20's and have gained good all round dealing experience in an International Bank. A competitive salary reflecting age and experience will be paid as well as the normal benefits.

SENIOR ACCOUNTS CLERK

A number of our clients are seeking good accounting staff who have obtained good detailed experience of Bank Accounting systems. Responsibilities will include Management/Financial reporting, Bank of England returns and other statistical information. The salaries range from £6,000-£9,000 and the anticipated age range is 20-30.

BSB Banking Appointments

115/117 *Cannon Street, London, EC4*
Telephone: 01-623 7317

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WANTED: TOP EXECUTIVES SEEKING PROMOTION

Home and overseas opportunities do exist for senior executives via an extensive contact network. To learn how we promote our members into rewarding positions telephone to arrange a confidential exploratory meeting with us.

4-6 Copthall Avenue, London EC4R 7DA

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RESEARCH

Banking/Finance **Food Manufacturers**

Our client, a well-respected firm of stockbrokers, has enjoyed continued growth. As a result, it now wishes to recruit two graduates for its research department—one for the banking/finance section and one for the food manufacturing section. Candidates can be directly employed in either of the industries or currently be researching into these markets for a similar concern. Whichever background, applicants will display an aptitude for research/analysis. Salary c£8000+bonus. Contact Andrew Swift on 01-629 7262.

GRADUATE APPOINTMENTS LIMITED
7 PRINCES ST., W.1.

HENDERSON

ADMINISTRATION LIMITED

require a book-keeper/cashier with investment ledger and foreign currency experience to maintain investment trust accounts on computer based systems. Salary is dependent upon age and experience with bonus incentive scheme and other excellent benefits.

Contact J. E. Brown
01-588 3622

Planning Your Career Move?

The first step in making a successful career move is to put up a top class presentation of yourself and your achievements. For professional help and assistance in drawing up your CV and advice on how to win interviews ring 01-583 2628.

CAREER MOVE
42/45 New Broad St.,
London EC2M 1QY.

APPOINTMENTS WANTED

STOCK EXCHANGE ATTACHE with good private client business wishes to move to new firm. Write Box A.7425, Financial Times, 10 Cannon Street, EC4P 4BY.

The Hunter Hunted!

MANAGER/CONSULTANT
E.C.2

Do you have an operations/personnel background gained in a City bank? Are you able to manage and motivate the banking arm of our small group of specialist consultancies, in addition to handling the most senior levels of recruitment yourself? Salary package in excess of £10,000 plus profit-sharing plus benefits and the opportunity to become your own boss. Age: 30-50.

CALL LYN CECIL ON 01-439 7005/6 FOR MORE INFORMATION

هكذا من الأصل

Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

CONTRACTS AND TENDERS

Leasing Requirements

DEVON COUNTY COUNCIL intends to invite a number of companies to submit tenders for the financing only by way of lease of furniture, equipment and plant. The tenders will be sought at various times during the period ending March 1982.

Those wishing to be included on the list from which a selection of firms may be invited to tender should apply not later than Monday 16th February 1981, to THE COUNTY TREASURER, COUNTY HALL, TOPSHAM ROAD, EXETER EX2 4QJ

INTERNATIONAL ADJUDICATION NO. 51/81

Suez Canal Authority announces international adjudication for the building and delivery of:

6. (Six) Escort Tugboats 40 tons bollard pull
3. (Three) Escort Tugboats 80 tons bollard pull

The tender documents, including conditions, specifications and draftings are available from the Procurement Department S.C.A. Ismailia, against a non-refundable charge of £E400 (four hundred Egyptian pounds) or $500 (five hundred U.S. dollars).
Offers will be accepted only from bidders with past experience in building Tugboats with rotary type propellers of over 2 x 1400 BHP.
Tenderers should submit evidence of their previous experience with the tender documents.
Closing date of the tender will be at noon Ismailia time on April 12th, 1981. Offers received after this date and time, or not accompanied by the provisional deposit (2%) according to the tender conditions, will be disregarded.
Bids should be submitted through one of the commercial public sector companies or a registered trading representative in Egypt.
This tender is only open to tenderers from countries who are members of the World Bank and Switzerland.

MAIL ORDER ADVERTISING

Where money is paid in advance, advertisers should despatch goods within 28 days (unless a longer period is stated). Readers should write to the trader if goods are not received within 7 days of the despatch period quoted.

Money paid in advance for goods ordered from advertisements in this newspaper (other than under the heading "classified") is protected under a scheme operated by The Newspaper Publishers Association. This scheme applies only when the advertiser becomes the subject of liquidation or bankruptcy proceedings.

Full details of your rights are explained in a leaflet obtainable by writing (including a stamped addressed envelope) to

The Newspaper Publishers' Association
(Mail Order Protection Scheme)
6 Bouverie Street,
London EC4Y 8AY

COMPANY NOTICES

CITY OF HELSINKI
10% 1975/1983 UA 18,000,000

Notice is hereby given to Bondholders that Bonds for the principal amount of UA 1,400,000 have been purchased for the Purchase Fund during the twelve-month period ending January 30, 1981.

Outstanding amount: UA 16,600,000.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg
February 5, 1981

CAISSE NATIONALE DES TELECOMMUNICATIONS
U.S.$20,000,000 Loan
8% 1971-1986

The redemption instalment of U.S.$2,000,000 due on March 1, [illegible] in the market to the nominal value of U.S.$422,000 and by a draw by lot [illegible] to the nominal value of U.S.$1,578,000.
Bonds drawn:
No. 6193-6911 inclusive and taking previous instalments into account.
Outstanding amount after March 1, 1981:
U.S.$10,000,000.
Bonds will be redeemable at par as from March 1, 1981 with coupons at March 1, 1981 and subsequents attached.
Redeemable bonds not yet presented for repayment:
Instalment as of March 1, 1978
Nos. 12230/82
Instalment as of March 1, 1979
35 bonds within the series 4984 to 8112 inclusive
Instalment as of March 1, 1980
Nos. 9266/95—9572—9578—9657.

The Fiscal Agent
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRANDE-DUCHE DE LUXEMBOURG.

CAISSE NATIONALE DES TELECOMMUNICATIONS
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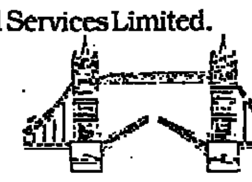

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LOMBARD

How to salvage the D-Mark

BY DAVID MARSH

THE PRESIDENT of the West German Bundesbank, Herr Karl Otto Poehl, has been peppering the Press with pugnacious pronouncements that the sickly-looking Deutsche Mark is still a strong currency after all. In Britain Mrs. Margaret Thatcher, in the manner of a nurse (her own metaphor) consoling a patient that his temperature is only 105° and that pneumonia is better than pleurisy, has admitted that the pound is "a little bit high."

Lunatic

The next stage is clear. It is time for action, not words, to bring the pound down from the lunatic level of DM 5 and to put the dash back into the D-Mark.

What is needed is a block-buster of a support package to bludgeon the foreign exchanges back to sanity. If the suggestion looks familiar it is because similar packages have been put together over the last five years, in almost monotonous succession, for the French franc, lira, pound, dollar and yen.

This time round it is the Germans, providers of balm, comfort and standby credits during so many previous foreign exchange crises, who are on the receiving end — thanks largely to their (at least partly altruistic) decision to reflate in 1978 and their fondness for demonstrating around nuclear power stations.

The D-Mark salvage measures would have three main strands:

● A cut in Britain's Minimum Lending Rate of 2 percentage points, and a symbolic increase in the Bundesbank's discount and Lombard rates of, say, 1 point, should be announced simultaneously.

The step could be made today, when both the Bundesbank's central council and Bank of England directors meet.

Bundesbank critics maintain that a fresh increase in interest rates would worsen the German recession. But action to increase confidence in the D-Mark, permitting an eventual easing of capital market rates, would have a far more beneficial impact in promoting recovery than a continuation of the D-Mark slide.

● The Bonn Government this year faces a current account deficit that will probably be little smaller than last year's $15bn. So it should make immediate arrangements to raise, say, $5bn in foreign credits through borrowings in both dollars and D-Marks from a mixture of foreign central banks and the international capital markets.

Borrowing in dollars rather than D-Marks would be an innovation. But it is normal practice for a deficit country to arrange borrowings in foreign currencies.

If the Saudi Arabians could announce a prompt loan of another $3bn or $4bn, and if the Bundesbank could be persuaded to sell off some of its enormous stocks of gold before the price falls further, then so much the better.

● Any measures should be accompanied by statements from the U.S., British and German Governments that they consider the present level of currency rates "greatly exaggerated" and will be asking their central banks (including the Bank of England) to intervene as heavily as necessary in order to restore order.

Not that a great deal of intervention would probably be required. Note too that the plan involves no commitment for the U.S. substantially to bring down the level of American interest rates (which have been dropping anyway during the last 10 days).

The fundamental reason why the scheme would work is because the foreign exchanges are not, as many believe, highly rational but tend to overshoot violently in both directions. They need a lead from the central banks—which they have so far failed to get.

Excitement

Currency operators have much in common with the small children at pantomimes who may scream delightedly when the high interest rate ogres seem to be having it their own way, but enjoy being tugged back into line amid the glamour, smoke and excitement of a central bank support package. After all, for the markets to drive the dollar up to DM 2.15 because President Reagan says he will beat inflation is about as rational as if they had all been told to sell D-Marks by Frankie Howerd dressed up as Widow Twankey.

The law on sexual harassment at work

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

EVERYTHING THAT happens in America, they say, happens 10 years later in Britain. Some things may reach us more quickly, and one of these may well be the recognition of sexual harassment as a significant type of discrimination in employment.

The problems facing employers as a result of the guidelines of the U.S. Equal Employment Opportunity Commission (EEOC) are well illustrated by a unanimous decision* of the DC Circuit Court last month. The U.S. Women's Legal Defence Fund has hailed the ruling as an important victory.

Company lawyers and advisers, however, think that the judgment has opened up the possibility of employers avoiding absolute liability by establishing strong written guidelines on sexual harassment and backing them by confidential investigation procedures. It has been predicted that company lawyers will now advise managements to deal with violations severely, even if it means punishing a valuable worker.

The American EEOC guidelines stipulate that sexual harassment at work is a violation of the right—guaranteed in the U.S. Civil Rights Act of 1964—not to be treated less favourably on the grounds of sex. According to these guidelines such harassment is defined as unwelcome sexual advances and other verbal or physical conduct of a sexual nature.

When an employee's reaction to such conduct affects his or her employment prospects, interferes with the employee's work performance, or creates "an intimidating, hostile, or offensive working environment," the guidelines further say that an employer, employment agency, or trade union is responsible for the acts of its agents and supervisory employees, even if it did not know about them or had prohibited them. The employer or union is also responsible for the conduct of fellow employees to each other if he knows or should have known about it and has not taken immediate corrective action. The same applies to sexual harassment of employees by non-employees in the workplace.

The guidelines also take into account a widespread situation which does not fall into the category of sexual harassment but is closely related to it. They say that employers, employment agencies or trade unions may be held liable for unlawful sex discrimination against qualified persons who are denied an employment opportunity or benefit because preference is given to an individual who submits to requests for sexual favours.

In case someone thinks that to speak of "an individual" instead of "a woman" is pedantic, I had better say right away that a recent governmental study involving nearly 20,000 U.S. civil servants discovered not only that 42 per cent of female workers, but also that 15.3 per cent of male workers, claimed they had been sexually harassed in some form in the past two years. A recent European Commission survey found that 7 per cent of British women were subject to some kind of sexual blackmail in their employment. Only in France was the incidence of female harassment worse, at 8 per cent, while the European average was 6 per cent.

The American case is, therefore, of considerable interest in Europe where legal protection is rather thin on the ground. Sandra Bundy, a vocational rehabilitation specialist with the D.C. Department of Corrections, complained that she had suffered sexual harassment since 1972, and had been denied promotion on four occasions because she resisted.

In the District Court Judge George Hart found that improper sexual advances were a "normal condition of employment" at the Department and that Sandra Bundy's complaints to supervisors had been ignored. But he held that there were other, legitimate reasons for denying her promotion and rejected her complaint because, in his view, sexual harassment fell under the U.S. Civil Rights Act only if it led to a loss or denial of tangible employment benefits.

This, of course, was clearly out of tune with the EEOC guidelines. On appeal, Circuit Judge J. Skelly Wright, confirmed that harassment was prohibited discrimination with regard to conditions of employment because these included the emotional and psychological environment. The court also made an important ruling on the burden of proof. If the employee could establish a prima facie case of repeated harassment, it was up to the employer to establish that the reasons for denying her promotion were legitimate and non-discriminatory.

"We think," said the court, "she should . . . enter the ritual of proof at an advantage. . . ." The Appeal Cout instructed the district judge to reconsider Sandra Bundy's claim to promotion and to back-pay, and proposed that the sexual harassment should be dealt with by an injunction.

In contrast with this American judgment, the remedies open to a woman in a similar situation in the UK are virtually non-existent. Criminal law provides protection only against extreme forms of harassment, when it amounts to assault or worse. The Employment Protection Act, 1978, provides a remedy if the harassment is so serious that the employer can be said to be guilty of conduct which is a significant breach, going to the root of the contract of employment.

"Your chances of winning your sexual harassment case would be greatly improved if you'd have dinner with me afterwards"

Lord Justice Lawton† held that such conduct could consist of "persistent and unwanted amorous advances by an employer to a female member of his staff." In such a case the woman can leave without notice and claim compensation for unfair dismissal. In other words, if the employee is driven out in desperation, this constitutes a "constructive dismissal."

However, this remedy provides no protection against trade unions and their officials. Yet the case which has attracted most attention recently concerns the allegation by two local authority employees that they were sexually harassed by a shop steward. The case, which so far has resulted in one woman resigning and the other being put on "permanent sick leave" revealed that local union branches are not a forum suitable for dealing with such cases where both parties are members of the union.

Branches of the National Association of Local Government Officers in Haringey and Camden are now conducting surveys with a view to formulating some proposals. But in general, the degree of awareness of these problems is very low. Outside the trade union movement the situation is even worse. Sexual harassment is no concern of the Equal Opportunities Commission. It is not in the law; it is nobody's baby!

*Bundy v Jackson No. 79-1693, January 12, 1981. †Court of Appeal, Western Excavations (ECC) Ltd. v Sharp (1978) ILRL 27.

Acarine may be one jump ahead

RACING

BY DOMINIC WIGAN

JOHN FRANCOME has teamed up successfully over the past year with many of Peter Cundell's runners including Celtic Ryde. Today he is aboard the Compton trainer's course-and-distance winner Woodford Prince in the Millhouse Handicap Hurdle at Towcester.

However, those wishing to follow the Berkshire stable, which is enjoying a good spell, will do better in this event to side with the younger stablemate Acarine.

One of the most consistent five-year-olds in training, Bob Champion's mount has won three races and finished third on his only other start since finishing unplaced when making his seasonal debut.

Last time out the Le Prince gelding, who finished runner-up to stablemate Bee Sting in a flat race at Chepstow 10 months ago, returned to winning form with a runaway victory over Melerek in the Philip Corns Qualifier here.

Sent into the lead towards the climb to the penultimate flight, Acarine forged further and further ahead of a big field to pass the post 20 lengths ahead of the runner-up. A close third behind Upham Pleasure and Kilve in a similar event at Chepstow before that success, Acarine may still be one jump ahead of the handicapper.

He should not be unduly pressed to take care of his stablemate, for whom this race may provide an invaluable confidence-booster following an unhappy spell over fences.

A second possible winner for Champion, who recently received an Amoco Jockey of the Month award, is course-winner Ta Jette, among the runners for the January Novices Handicap Chase. Josh Gifford's Taj Dewan gelding, the winner of a juvenile hurdle here two seasons ago, is another maintaining consistent form.

With better ground in prospect than that on which he finished a tired fourth behind Bold Argument at Fontwell on January 19, Ta Jette should prove too good for David Elsworth's charge Safeguard.

Later in the afternoon Ta Jette's stable companion Amberdora is the likely winner of the closing event, Division II of the Marston Novices Hurdle.

TOWCESTER

1.30—Another Dragon
2.00—Ta Jette*
2.30—Acarine**
3.00—Cartrail
3.30—Moonshot
4.00—Amberdora***

TV/Radio

† Indicates programme in black and white

BBC 1

9.00 am For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 Bod. 2.00 You and Me. 2.15 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Undercover Elephant. 4.25 Jackanory. 4.40 Scooby and Scrappy Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Tomorrow's World.
7.25 Top of the Pops.
8.05 Wildlife on One.
8.30 Partners.
9.00 News.
9.25 Starsky and Hutch.
10.15 Question Time with Robin Day.
11.15 Ice Skating: European Figure Skating Championships.
11.55-12.00 News Headlines.

All Regions as BBC-1 except as follows:

BBC Cymru / Wales — 10.10-10.30 am I Ysgolion: Hwnt ac Yma. 2.15-2.35 pm I Ysgolion: Ffenestri. 5.55-6.20 Wales Today. 7.00-7.25 Heddiw. 11.55 News Headlines. 11.59 Snooker: Welsh Professional Championship. 12.20 am News and Weather for Wales.

Scotland—10.10-10.30 am For Schools (Around Scotland). 12.40-12.45 pm The Scottish News. 3.25-3.55 The Afternoon Show. 5.55-6.20 Reporting Scotland. 8.30-9.00 The Current Account Report. 11.55 Lord Mountbatten Remembers. 12.25 am News and Weather for Scotland.

Northern Ireland — 11.30-11.50 am For Schools. 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Sportsweek. 10.45-11.15 You and Your Rights. 11.55 News Headlines: News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
4.25-5.30 pm Open University.
†5.35 Harold Lloyd in excerpts from "Ask Father" and "Captain Kidd's Kid's.
†6.00 Music Hall Greats: "Please Turn Over," starring Ted Ray.
7.25 A Guardian Lecture: The Place of Film and Television in the Arts, given by the Rt. Hon. Paul Channon, MP, Minister for the Arts.
7.50 Mid-Evening News.
8.00 Writers and Places.
8.30 Russell Harty.
9.00 The Little World of Don Camillo.
9.25 Man Alive.
10.15 The Mike Harding Show.
10.45 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 Gideon. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Fallen Hero. 3.45 In Loving Memory. 4.15 Dr. Snuggles. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Charlie's Angels.
7.30 The Jim Davidson Show.
8.00 Sapphire and Steel.
8.30 TV Eye.
9.00 Hill Street Blues.
10.00 News.
10.30 Thames Report.
11.00 The New Avengers.
12.00 What the Papers Say.
12.15 am Close: "Sit Up And Listen" with Sir Neil Cameron, Marshal of the RAF.

All IBA Regions as London, except at the following times:

ANGLIA

9.15 am Jobline (guide to job availability in East Anglia). 1.20 pm Anglia News. 6.00 About Anglia. 6.20 Arena. 6.35 Crossroads. 7.00 Bygones. 10.30 In Search of the Past—Glyn Daniel's Fifty Years in Archaeology. 11.15 Kate Loves A Mystery. 12.10 am Superstar Profile. 12.40 Today's People.

ATV MIDLANDS

1.20 pm ATV News. 3.45 Life Begins At Forty. 4.20 Vic The Viking. 4.50 Little House On The Prairie. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 10.30 Focus. 11.00 ATV News. 11.05 Lou Grant.

BORDER

1.20 pm Border News. 4.20 Salvage 1. 5.15 The New Fred and Barney Show. 6.00 Lookaround Thursday. 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 Benson. 11.00 It's a Musical World. 11.50 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where and Weather. 6.00 Channel Report. 6.35 Crossroads 7.00 Alright Now. 10.28 Channel Late News. 10.36 Unforgettable. 11.05 The Electric Theatre Show. 11.30 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 4.20 Salvage—1. 5.10 Police News. 6.00 North Tonight 6.35 Crossroads. 7.00 The Electric Theatre Show. 10.30 Cover to Cover. 11.00 Paris. 12.00 North Headlines.

GRANADA

1.20 pm Granada Reports. 4.20 Movie Matinee: Jay Silverheels in "The Lone Ranger." 6.00 Granada Reports. 6.25 This Is Your Right. 6.30 Crossroads. 7.00 Emmerdale Farm. 10.30 Benson. 11.00 What The Papers Say. 11.20 Paris.

HTV

1.20 pm HTV News. 5.10 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.30 Happy Days. 7.00 Emmerdale Farm. 10.28 HTV News. 10.35 Your Chance. 11.05 S.W.A.T.

HTV Cymru/Wales—As HTV West except:—9.30-9.45 am About Wales. 12.00-12.10 pm Owain A'r Ohon. 4.15 Tom Sawyer. 4.20 Take A Chance. 4.45 Ser. 5.10-5.20 Cartoon. 6.00 Y Dydd 6.15 Report Wales. 6.30-7.00 Sports Arena. 10.35 Impromptu. 11.20-12.15 S.W.A.T.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 3.45 Life Begins At Forty. 5.15 Tales of Crime. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Talking Scots. 7.00 Emmerdale Farm. 10.30 In Concert. 11.00 Superstar Profile. 11.30 Late Call. 11.35 Lou Grant.

SOUTHERN

1.20 pm Southern News. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 10.35 People Rule. 11.05 Jazz (Chicago Blues). 12.05 am What The Papers Say.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 4.20 Fantastic Four. 4.45 Tarzan. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 10.32 Northern Scene. 11.00 Superstar Profile. 11.30 Soap. 12.00 World's Apart.

ULSTER

1.20 pm Lunchtime. 3.45 Life Begins At Forty. 4.13 Ulster News. 4.20 Little House On The Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.50 Police Six. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 10.30 Counterpoint. 11.15 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 6.35 Crossroads. 7.00 Westward Report. 10.32 Westward Late News. 10.36 Unforgettable. 11.05 The Electric Theatre Show. 11.30 Faith For Life. 11.35 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Country Calendar. 4.20 Fantastic Four. 4.45 Little House On The Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Crossroads. 7.00 Emmerdale Farm. 10.30 With A Little Help. 11.00 Beyond Westworld.

(S) Stereophonic broadcast
†Medium wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Steve Wright. 2.32 Dave Lee Travis. 4.32 Peter Powell. 7.00 Wheels with Dave Lee Travis. 8.00 Richard Skinner. 10.02-12.00 John Peel (S).

RADIO 2

5.00 am News Summary. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music with David Symonds (S). 6.03 John Dunn (S). 8.02 Country Club (S). 9.02 Alan Dell with The Big Band Sound (S). 9.55 Sports Desk. 10.02 A Very Private Man starring Rodney Bewes. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer. Bach (S). 10.00 Schubert recital (S). 11.05 Royal Liverpool Philharmonic Orchestra Concert, part 1 (S). 12.0 Interval Reading. 12.10 pm Concert, part 2. 1.00 News. 1.05 Bristol Lunchtime Concert (S). 2.00 Stravinsky and Schumann chamber music recital (S). 2.40 A Mendelssohn Double-Bill, part 1 (S). 3.35 Interval Reading 3.40 A Mendelssohn Double-Bill, part 2. 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Talking About Music (S). 7.30 "Love's Labour's Lost" by William Shakespeare (S). 9.45 Pleyel (S). 10.10 Words. 10.15 Norma Burrowes song recital (S). 10.35 A Mozart Pilgrimage (S). 11.00 News. 11.05-11.15 Cimbalom Duets by Bartok (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Checkpoint. 9.30 The Living World. 10.00 News. 10.02 People and Places. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 File On 4. 11.50 Enquire Within. 12.00 News. 12.02 pm You And Yours. 12.27 Never Too Late (S). 12.55 Weather; programme News. 1.00 The World At One 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 Fritz Spiegl's Musical Alphabet. 4.15 Bookshelf. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme News 6.00 News. 6.30 Any Answers? 6.55 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Kaleidoscope. 8.00 Daniel Barenboim with the Royal Philharmonic Orchestra (S) conducted by Charles Dutoit, part 1: Mendelssohn, Mozart. 8.40 Who Needs a Conductor? (talk by Neville Garden). 9.00 Daniel Barenboim Concert, part 2: Brahms (S). 9.59 Weather. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 4.30 London News Desk 5.35 Music On The Move. 7.03 Black Londoners. 8.00 Question Time from The House of Commons. 9.00-5.00 am Join Radio 2.

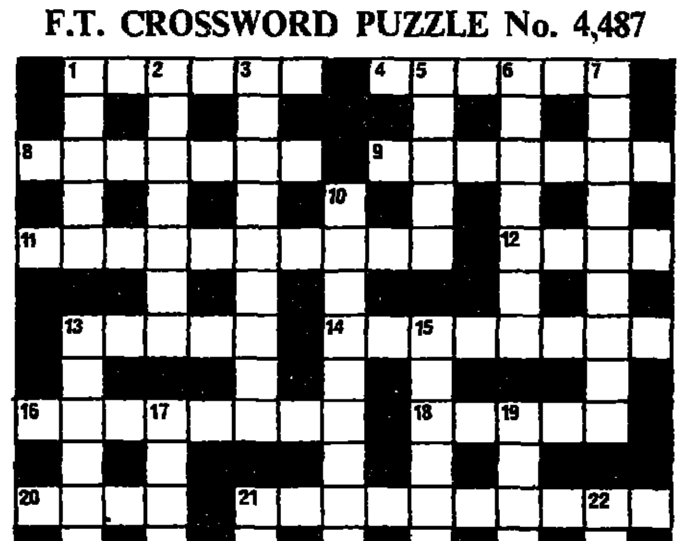
London Broadcasting

5.00 am AM—Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra 4.00 The London Interview. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Graham Dene. 1.00 First Report. 1.10 Graham Dene continued. 3.00 Roger Scott. 7.00 London Tonight with Sarah Ward. 9.00 Nicky Horne. 11.00 Tony Myatt's Late Show. 2.00 am Night Flight.

F.T. CROSSWORD PUZZLE No. 4,487



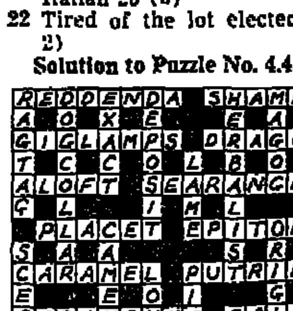
ACROSS

1 French 4 to praise in church (6)
4 Canvasser maybe with peculiar traits (6)
8 Democratic report on socially acceptable household god (7)
9 Real and faulty gland (7)
11 4 found in oval part of London (10)
12 Photograph receipts (4)
13 Pole enters gallery for experience (5)
14 Art I love to disguise in French 25 (8)
16 Network on decrease in football field (8)
18 Fool children's favourite from English 25 (5)
20 Indian at home to accountant (4)
21 Apostle depressing well-versed 25 (6, 4)
23 Band-leader drives on southern citizen (7)
24 I will tour perhaps without a French 4 (7)
25 He hopes to be brought to book (6)
26 Third-class fibre colouring work of 4 (6)

DOWN

1 Hook a hundred over foreign capital (5)
2 One in five gets like religious 25 (7)
3 Approached what 4 had done with 26 before close (5, 4)
5 Stick to one new leader who carved out his name as 4 (5)
6 Sloth sees that changes are in it (7)
7 25 bringing snobs to book (9)
10 25 who sounds as if he ... rocketed to fame (9)
13 Natural at confounding venomous creature (9)
15 4 who went on many bombing missions (9)
17 Drink that could ultimately be a pain in the neck (7)
19 Tidying another kind of title (7)
21 Many thanks—like this Italian 25 (5)
22 Tired of the lot elected (3, 2)

Solution to Puzzle No. 4,486



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Tonight & Tues 7.30: Romeo & Juliet. Tomor 7.30:

THEATRES

OLD VIC. 928 7616. CC. 261 1821. S. Until Feb. 14, Mon. to Sat. Evgs. 7.30. Wed. and Sat. at 2.00. THE RELAPSE by Sir John Vanbrugh.

THEATRES

WESTMINSTER THEATRE. S. CC. 01-834 0283. Hugh Manning as C. S. Lewis in SONG OF THE LION. Directed by David Williams. Evgs. 7.45 until Sat.

THEATRES

CINEMAS

ART GALLERIES

THE ARTS

Record Review

Early baroque

by RICHARD JOSEPH

Cavalli: Ercole Amante: Yvonne Minton, Felicity Palmer, Ulrik Cold, Keith Lewis, Patricia Miller. English Bach Festival Baroque Orchestra and Chorus/Michel Corboz (three discs) Erato STU71328

Monteverdi: Un Concert Spirituel: Concerto Vocale (two discs) Harmonia Mundi HM1032/33

The most ambitious of Cavalli's operas to be recently revived, *Ercole Amante* was composed to celebrate the marriage of Louis XIV and Maria Theresa of Austria. After numerous delays, it was premiered in 1662 and promptly sank without a trace. Unwieldy, spectacular machinery and Lully's equally elaborate and stilted ballet interludes contrived between them to completely *obscure* the merits of Cavalli's score.

The libretto is classical high tragedy—Hercules' fatal love of Iole, punished by his wife under Juno's protection—packed with mythological references and allegorical meanings in the manner of Corneille: Hercules represented Louis XIV, Juno Maria Theresa's mother, Anne of Austria, and so on. Plenty of work for armchair semiologists here. Cavalli set much of it in fast-moving recitative, but he also employed a large orchestra and chorus for grand, solemn effects more frequently than the Venetian theatres he usually wrote for could afford. Virtually every genre scene popular in opera of the time (the cavern of sleep, the shipwreck, the magic garden, the gates of Hell) is included, and all are represented in distinct musical terms. *Ercole Amante* emerges as the richest and most varied of Cavalli's operas to be recorded.

Erato's nearly complete edition is based on the first modern production, at the Lyons Opera in 1979. Its conductor, Michel Corboz, and some of the cast are joined by the English Bach Festival Baroque Orchestra and Chorus. The rest of the cast features well known British singers, including Yvonne Minton as Juno and Felicity Palmer as Iole. Bass Ulrik Cold sounds ideal in the title role—clean attack, rich, unwoolly tone and good diction. A couple of fine French sopranos, the dignified Collette Alliot-Lugaz and the rather more sprightly Agnes de Crouzat, make notable record debuts.

Thanks to his experience as an interpreter of Monteverdi, Corboz's view of this score is neither academic nor ludicrously overstuffed in the manner of Leppard's Cavalli "realisations." But Corboz makes Leppard's mistake of slowing the speed of the recitative down so that it sounds like watery, unmelodic arioso rather than heightened declamation. This soporific tendency was probably aided by editor Luciano Sgrizzi's elaborate continuo inventions and abetted by the absence of native Italians in the cast. The natural consequence is that the various genre scenes, where dramatic momentum is of secondary importance, become the strongest parts of the performance. Listeners to this record cannot be blamed for thinking that *Ercole Amante* is a far more static construction than Cavalli intended it to be.

One must also note that good opera singers, like Yvonne Minton and Felicity Palmer, are not necessarily good singers of baroque opera. The broader style and greater volume demanded by late eighteenth and nineteenth century opera is hard for any well trained singer to forget, even when it is obvious that something more detailed and quick-moving is required. In his introduction to Concerto Vocale's Monteverdi recital on Harmonia Mundi, countertenor Rene Jacobs catalogues the technical equipment of a good early baroque singer, as revealed by contemporary tutors, composers and critics, in admirable detail.

More admirable still, Jacobs demonstrates a wide range of these skills in his performances. The graduations of vibrato, legato and portamento, the exactitude of trill and ornament that he and soprano Judith Nelson display at the start of the motet Duo Seraphim (from the Vespers of 1610) are equally necessary for the correct singing of baroque opera, and would be revelatory in that context. The unity of sacred and secular performing styles is emphasised elsewhere on this record: the Pianto della Madonna which Nelson sings with unusual delicacy of expression is virtually identical to Monteverdi's famous operatic scena Lamento d'Arianna. Some effects and mannerisms may seem overdone, but this record seems to me a polemic in the best practical sense of the term, and it is highly recommended.

Elizabeth Estensen and Judy Elrington

Leonard Burt

Riverside Studios

Say Your Prayers by MICHAEL COVENEY

There is some good writing in Nick Darke's new play for the Joint Stock Theatre Group but barely an ounce of humour. It is an oddball project to say the least. In following the familiar company format of actors rising from their chairs to make points as opposed to developing character it sails dangerously close to presentational cliché. The idea is to show how Christianity went off the rails by destroying its messengers. At the extremities of this argument are a vicar (Robert Hickson) playing to an empty house while awaiting a plumber to unblock his drain; and a fanatical Deep South evangelist (Patrick Field) whipping up hollow enthusiasm on nationwide television.

In the pit, as it were, are two Roman slaves, an imprisoned artist and a frog. The frog (Shona Morris) is an evolutionary symbol. She is waiting for the water in the lake to rise so she can swim. The prisoners are waiting for it to fall so they can escape through a pipe.

Enter Paul of Tarsus, given an almost mesmeric performance by Philip Donaghy, to preach against sins of the flesh and the emancipation of women. He recruits the male slave (Richard Howard) thus destroying the simple pleasures of life, in this case regular sex in the moonlight, and leaving the incredulous girl slave (Elizabeth Estensen) to jog around in a choreographed trance. The rest of the company demonstrate versatility by drumming, playing guitars and singing in effective close harmony. The music by Andrew Dickson is the best part of the show.

I am relieved that Joint Stock has liberated Nick Darke from the glum tape-recorder style of play he has written before. But, with all respect, he has nothing of interest or real moment to say about his chosen subject and the evening tails off, despite Richard Wilson's loyal direction, into unimpressive gibberish.

Wigmore Hall

Kathron Sturrock

by ANDREW CLEMENTS

Kathron Sturrock stands towards the head of a considerable body of younger British pianists none of whom has yet made large reputations for themselves but who, from time to time, offer hints of something more substantial to come. For her recital at the Wigmore Hall on Tuesday, Miss Sturrock chose to end with Schubert's B flat sonata D.960, a work which by all established wisdom she should have kept to herself until staid middle age. But she produced a fine, mature account; there are many depths still to be plumbed, whole areas of expressive nuance to be explored and worked into her performance, but the bones of a deeply satisfying performance are already there.

Wisely most of the sonata was left to unfold itself naturally, without forced rubato. In the Andante some phrases merged into the next without clarification; accents in the scherzo were hardly noticed. The outer movements, though, stood whole and firm. One missed the piercing intensity that great Schubert players can give to the codas of both movements, and some of the more crucial modulations appeared to take the performance by surprise; nevertheless, it was authentic, undiminished Schubert.

The main work in the first half of Miss Sturrock's programme was Chaikovsky's *The Seasons*, character pieces that did not get into their stride until June's "Barcarolle" and went on to rousing performances of the "Harvest Song" and the "Hunting Song" in September and October. Around the Chaikovsky were two performances of Michael Graubart's *Quasi una Sonata: Mosaic-Chiasmus*, a tough, little essay in the implications of a post-Schoenbergian serialism, earnestly permuting its handful of motives and tying itself into a knot of classical forms.

Bigger prizes for 'Spirit of London' painting contest

Improved prizes are proposed for this year's Greater London Council *Spirit of London* painting competition. The GLC arts committee has agreed that the fourth painting competition will be held in November and the prize money will be increased from £5,000 to £7,300 with a new top prize of £1,500.

Sponsorship will again be sought which would boost the prize fund still further.

New York

Broadway Round up

by FRANK LIPSIUS

With *Days of Antonio*, Dario Ambrosi has written a play and collected a group round a central character he plays himself. Such an obvious invitation to vanity is happily disappointed in the character D'Ambrosi plays: a crippled young man who makes no noise or movement other than a chicken's. Apparently based on an actual unfortunate whose father put him in the chicken coop because of his deformity, the character is marvellously humorous—and terrifying. On the barest of budgets obtainable by the irrepressible La Mama Experimental Theatre Company, Il Gruppo Dario D'Ambrosi makes a creditable mental hospital where the poor chicken man is surrounded by others whose diverse disturbances are taken out on him. There is no oppressive violence; just the powerful uninhibited expression of characters who do not know how to be inhibited, as directed by Osvaldo Rodriguez.

New York's latest efforts in repertory theatre make Shakespeare a synonym for extravagance. Opera director Sarah Caldwell mounts an interestingly eerie, dark and cavernous version of *Macbeth* at the Vivian Beaumont Theatre. The operatic influence extends too far when characters move in relation to the audience more than the other characters, a fault particularly noticeable in Philip Anglim's mincing affectations as Macbeth. The sheer physical challenge presented by a narrow bridge high across the stage and giant staircase leading up to it are used to best advantage by beautiful Maureen Anderman as a sensual Lady Macbeth, whose own determination is manifest, even if her husband seems more influenced by some absent Hamlet than by ...

The BAM company opens its season with a fanciful fairy-tale *Midsummer Night's Dream*, but the chronic difficulty of attracting a uniformly good large cast to Brooklyn is again far too evident. The cleverly worked out seamless succession of scenes becomes a liability when the actors fail to establish who they are, let alone where they are. Brian Murray as the stalwart head of the company comes off better in *The Recruiting Officer*, where the lusty eighteenth century inspires fine performances especially from Beth McDonald and Michael John McGann as naïve Shrewsbury siblings under director Laird Williamson.

Meryl Streep transforms herself into a delightful, naughty and inventive Alice in Elizabeth Swados's *Alice in Concert*. Miss Swados has aplied her somewhat repetitive but enthusiastic musical talents to better subjects: her last production (like this one, at the Public Theatre) was a rousing and inspired version of Passover as a tribe's desert wanderings made tolerable and even joyous by the quality of their shared rituals and inspiration. Here Miss Swados, who wrote the scenes as well as the music, renders light-hearted Lewis Carroll rather lugubrious and ponderous. When given a chance, the cast—particularly Rodney Hudson as the Cheshire cat and Michael Jeter as a baby who cries jazz—can match Miss Streep's performance, but most of the time they sit round the band in the middle of the stage, reminding one more of a summer evening in Piccadilly Circus than anywhere through the looking glass.

Shakespeare's Cabaret has the air of a jazz-influenced pop group like Manhattan Transfer, combining a sound musical judgment with talented playfulness. The songs too often sound like belaboured attempts to match music to familiar lines but sometimes, like the 20's vamp scene with boas flying for "All that glisters," the Bard is extremely well served.

A play about Canada during the second world war, *Waiting for the Parade* by John Murrell, is unintentionally reminiscent of cabaret. A profusion of scenes of women having to get on without their men relies heavily on patriotic singing to keep up their spirits, but the effect is quickly diluted, under David Kerry Heefner's direction at the Hudson Guild. The strong cast of five women headed by Jo Henderson and Marge Redmond cannot overcome the impression that the scenes are mere transcriptions of a few women's flawed memories about a time they would just as soon forget.

Laurie Kennedy (as Silvia disguised as Jack Willful) and Brian Murray as Captain Plum.

IRCAM, Paris

Cage and Gehlhaar

by DOMINIC GILL

The lowest public level of IRCAM—Pierre Boulez's Institut de Researche et de Coordination Acoustique-Musique in Paris, buried deep in the ground under the Place Saint-Merri next to the Centre Pompidou—is a single room called the *Espace de projection*. It is a subterranean box, acoustically isolated and impressively equipped—among its refinements are motor-powered wall and ceiling panels capable of adjustment to suit almost any function or acoustical character—designed to serve at once as a small concert hall, research centre, theatre and recording studio.

At the inauguration of the *Espace* just over two years ago, Boulez called it "the brain of IRCAM," the meeting-point and nerve-centre of the Institute. In its private functions, it has doubtless justified that epithet: as a work-place and acoustic chamber of remarkable flexibility, and as a recording studio in which IRCAM and its sister performing group the Ensemble InterContemporain can pursue their many recording projects, both commercial and non-commercial. But its public role has been less clear. The *Espace* is too small (much smaller, for economic reasons, than originally conceived by its architects), too cramped and too uncomfortable (the greater part of the seating still consists of wooden benches) to be attractive as a theatre or concert hall. To justify its existence as something more than an extremely expensive recording studio, it would have to devise some genre of performance—or at least *"projection"*—especially tailored to its unique facilities.

On and off for two years now, Rolf Gehlhaar has been working at IRCAM on the curious phenomena of sound displacement and interference: which is to say, the common experience, easily verified with a pair or more of loudspeakers at home, that the nature of a sound can vary, even in such fundamental matters as pitch and intensity, according to the exact place in the room at which it is heard. In certain acoustical circumstances, a step backwards or forwards, or from side to side, or the slightest movement of the head, can alter quite radically the sound perceived.

This notion of giving sound, and especially musical sounds, a "third" (perhaps more accurately it should be called a fourth) dimension, adding place/space to the dimensions of pitch, duration and intensity, is not in itself remotely new. But, using the very sophisticated computer equipment available to him at IRCAM, Gehlhaar has given the idea a new twist. "Pulverising" or "atomising" his sounds among 16 different loudspeakers surrounding the audience, he proposes a new genre which he calls "ambulatory music." For his *Pas à pas* in the *Espace de projection* an audience of 50 or so at each strolling (the word can hardly be "sitting") scurried, prowled or swayed for half an hour among a network of loudspeakers, from corner to corner, side to side, each one in search of his or her little bit of sound.

I have no quarrel with the idea as a suitable subject of research: it may well (as indeed it may not) open avenues of acoustical knowledge of the greatest importance to musicians everywhere. But there is all the difference in the world between demonstrating the results of a small, and incomplete scientific investigation to interested parties, and delivering those same results to the public in the guise of a work of art. The reverence with which *Pas à pas* was presented, both circumstantially as an event and verbally in its programme-note, I found pretentious and as *music* (even in the freeist Cagean sense) the exercise seemed to lack all manner of aural imagination and invention. The very sounds themselves, a sequence of three different timbres variously manipulated, were unprepossessing, ugly: a variety of drills, from pneumatic to dentist's; an impression (quite accurate) of a duck sucking milk from a saucer; last and prettiest, a gentle, sighing complex tone of little inner substance or interest.

The musical experience, indeed, was less interesting, and offered no more insight into acoustical phenomena, than many everyday soundscapes—had no member of Gehlhaar's audience ever walked into an echoing building-site and noticed how the slightest movement of the head or body can radically change the nature of the sound: how every tone and timbre is three-dimensionally unique to a particular point in space? The American composer Alvin Lucier invests his own rather similar—and in the case of his work on standing-waves, exactly parallel—demonstrations of natural phenomena with a powerful charge of passion and poetry; beside them, *Pas à pas*, even as a *premier rapport*, reads uncharacteristically—for Gehlhaar is a composer whose work I have always respected and often admired—like plain text-book prose dressed up as verse.

Every double performance of *Pas à pas*, which ran twice nightly for six days, was followed by the performance of a new version, in its world premiere, of John Cage's *Roaratorio*, subtitled "An Irish Circus on *Finnegans Wake*." Its peculiar genesis is best described in Cage's own words:

> Everything we do, we do by invitation. This invitation either comes from ourselves or from someone else. It was Klaus Schöning of the WDR who asked me if I would like to write music to accompany my reading of *Writing for the Second Time through Finnegan's Wake*. I said yes. The text itself had been written because J. R. dela Torre Bueno, my adviser at Wesleyan University Press, found my first *Writing Through Finnegan's Wake* unreadable. He said it was too long and boring. That first text, of about 120 pages, consisted of a series of 862 mesostics on the name of James Joyce, starting at the beginning of *Finnegan's Wake* and continuing to the end. I wrote it because I had decided to do it (the invitation came from me), even if the project might appear to be a somewhat feeble one, and promised to take an enormous amount of time. . . .

The "music" to accompany the second *Writing* eventually became, after several false starts, an hour-long 16-track tape: a massive *concrète* bran-tub of recordings made at 626 (the number of pages in *Finnegans Wake*) places in Ireland mentioned in the book, together with fragments of Irish folksong and dance. For this Paris version, Cage added a live singer (the great Joe Heaney) and two *bodran* drummers, Peadar and Mel Mercier. During this performance too, the audience could move around: savouring a morsel here, another flavour or texture there, and from every different angle the whole, underpinned by the grave intoning of Cage's mesostic litany. It had, for all its wonderful, gentle lunacy, a magical and exhilarating resonance that quite escaped *Pas à pas*: like so many Cagean events, and especially those over which the guru himself presides, it sent us out into the street again walking on air, at peace with the world.

Kent Opera to visit Venice in May

Kent Opera is to make its first visit to Venice's Teatro La Fenice from May 7-10, immediately following the company's season at Sadler's Wells Theatre.

It will present five performances of a specially mounted Baroque programme which has as its centrepiece the double bill of Monteverdi's *Il Ballo delle Ingrate* and John Blow's *Venus and Adonis*.

For the visit the first half of the programme, *Il Ballo*, will be sung in Italian and preceded by two other short Monteverdi pieces, the monologue *Lettera Amorosa* and the dramatic cantata *Combattimento di Tancredi e Clorinda*.

Rainbow

The Who

The Rainbow was opened for rock by The Who in 1971 and the way the group ran on stage Tuesday night rolled back the years in a most hopeful way. Unfortunately what was organised as a charity concert for the battered wives of Chiswick became a depressing experience for battered journalists. For this was The Who as jaundiced super stars bashing out a set with little attention to the music or the amusement of the audience.

It began well enough with "Substitute" and "Can't explain," and, with Pete Townshend machine-gunning with the guitar and scissor kicking, and Roger Daltrey twirling the mike, there was little to disturb the prospect of an hour or so of vintage Who, of those cheerfully boisterous pop songs which can now be seen to have pre-dated the new wave by over a decade.

But it was not to be. This was Pete Townshend's evening rather than Roger Daltrey's and it was his music of the later years, which offers little in originality or relevance, which dominated. There was the occasional shaft of brightness, tangibly so when green lasers helped make the point of "Won't get fooled again" but, in the main, it was run-of-the-mill Who backed up by songs from the forthcoming album which sounded ominously dated. If you closed your eyes there was nothing to suggest one of the biggest reputations in rock on stage: rather a support group that was not trying very hard.

ANTONY THORNCROFT

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‡ Call deposits £1,000 and over 11½%.

¶ 7-day deposits 12%.

§ Demand deposits 12%.

‖ 21-day deposits over £1,000 13%.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100), retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1979							
3rd qtr.	112.7	103.2	101	106.6	154.7	1,269	247
4th qtr.	112.6	104.2	101	109.1	163.1	1,286	230
1980							
1st qtr.	110.0	100.1	100	110.2	168.9	1,379	193
2nd qtr.	106.6	96.8	94	109.2	173.5	1,492	160
3rd qtr.	102.8	93.3	84	108.9	176.0	1,695	120
4th qtr.				109.5		2,018	100
April	106.7	97.7	92	109.6	172.3	1,458	169
May	106.5	96.5	93	108.4	172.6	1,484	163
June	106.6	96.2	97	109.5	175.1	1,535	147
July	104.6	95.0	87	108.5	175.0	1,606	126
Aug.	102.0	92.7	91	109.6	176.8	1,696	120
Sept.	100.7	91.2	73	108.5	176.3	1,784	113
Oct.	100.6	90.3	76	109.7	179.0	1,892	100
Nov.	100.6	89.7		109.2	179.2	2,028	97
Dec.				109.5		2,133	102
1981							
Jan.						2,236	103

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1979							
3rd qtr.	105.6	96.4	132.5	95.0	105.1	100.2	21.0
4th qtr.	105.4	101.1	129.6	99.2	103.4	96.4	18.1
1980							
1st qtr.	104.6	100.9	123.4	98.7	56.6	92.2	12.3
2nd qtr.	98.2	96.0	123.2	93.1	94.0	85.6	16.2
3rd qtr.	96.9	94.3	116.7	91.1	78.2	82.6	12.4
April	99.0	97.0	122.0	94.0	89.0	88.0	15.0
May	97.0	96.0	124.0	93.0	99.0	84.0	16.7
June	98.0	95.0	124.0	93.0	94.0	85.0	16.4
July	99.0	95.0	121.0	93.0	81.0	85.0	14.1
Aug.	97.0	94.0	116.0	91.0	80.0	84.0	11.5
Sept.	95.0	94.0	114.0	89.0	73.0	79.0	12.8
Oct.	95.0	92.0	116.0	88.0	67.0	76.0	12.4
Nov.	94.0	91.0	117.0	86.0	74.0	77.0	11.4

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1979							
3rd qtr.	129.8	128.1	−492	+ 60	−158	106.5	23.18
4th qtr.	129.3	128.9	−785	−589	−157	103.5	22.54
1980							
1st qtr.	132.3	126.6	−633	−191	−107	100.5	24.87
2nd qtr.	128.4	124.4	−262	− 64	− 8	102.6	28.15
3rd qtr.	126.7	115.8	+774	+1,076	+155	104.8	28.08
4th qtr.	125.8	110.5	+1,160	+1,460	+240	104.8	27.90
May	129.8	120.8	− 1	+ 77	− 25	102.0	28.28
June	128.9	124.2	+ 15	+ 81	− 23	103.8	28.17
July	128.6	117.1	+303	+403	+ 98	104.3	28.27
Aug.	126.5	121.2	+ 48	+149	+ 6	105.4	28.29
Sept.	125.0	109.1	+423	+524	+ 51	104.7	27.64
Oct.	123.5	106.3	+459	+559	+152	104.7	28.03
Nov.	129.0	111.1	+455	+555	+ 59	105.1	28.19
Dec.	125.0	114.1	+246	+346	+ 29	104.7	27.48
1981							
Jan.							28.39

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1979							
3rd qtr.	12.0	11.2	13.2	+3,642	933	1,879	14
4th qtr.	14.4	15.6	22.6	+2,977	839	1,954	14
1980							
1st qtr.	− 4.0	7.2	21.9	+1,725	634	1,974	17
2nd qtr.	− 1.5	10.7	23.3	+3,219	697	1,972	17
3rd qtr.	14.4	39.1	45.2	+6,444	1,090	1,947	16
4th qtr.	8.4	21.0	11.2	+3,320	1,253		15
April	− 4.0	5.9	18.8	+ 701	266	675	17
May	4.0	12.6	21.8	+1,149	225	621	17
June	− 4.9	13.7	28.8	+1,369	206	676	17
July	11.7	36.5	50.8	+3,466	340	667	16
Aug.	11.2	40.8	46.4	+2,011	307	623	16
Sept.	20.5	39.8	38.7	+ 967	443	657	16
Oct.	6.2	24.0	19.0	+1,128	520	621	16
Nov.	8.0	19.6	7.7	+1,431	285	579	14
Dec.	10.9	19.5	7.0	+ 761	448		14
1981							
Jan.							14

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1979							
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.8	237.6	237.2	295.13	68.8
1980							
1st qtr.	167.7	197.2	191.4	248.8	247.5	284.47	72.4
2nd qtr.	178.9	201.3	199.0	263.2	255.9	267.45	73.8
3rd qtr.		201.9	203.6	268.9	259.3	275.13	75.6
4th qtr.		203.5	206.0	273.9	260.7	269.25	78.5
April	175.0	202.3	197.0	260.8	254.1	275.67	72.6
May	178.1	200.4	199.0	263.2	255.7	268.23	74.3
June	183.7	201.1	201.0	265.7	257.9	267.45	74.4
July	185.1	201.7	202.7	267.9	259.9	273.57	74.7
Aug.	186.5	201.8	203.5	268.5	259.0	275.38	76.2
Sept.	193.6	202.1	204.6	270.2	259.0	276.44	76.0
Oct.	189.9	201.4	205.3	271.9	259.3	274.65	79.2
Nov.	192.4	203.3	206.1	274.1	260.0	270.56	77.5
Dec.		205.7	206.6	275.6	262.7	262.53	78.7
1981							
Jan.							81.1

* Not seasonally adjusted.

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Killing people, not property

"THE BOW and arrow kills people without damage to property." That slogan, pinned up in the Pentagon during the "neutron bomb" controversy of just over two years ago, is worth remembering as the weapon looks like rearing its ugly warhead once again. Last time round, the Soviet Union *managed to persuade a significant* section of West European opinion that this was the ultimate capitalist weapon, designed to eliminate innocent human beings while sparing the investments in real estate that might be surrounding them.

That is utter nonsense. All weapons, from the bow and arrow onwards, have been designed to kill people—or, more exactly, to kill enemies. The so-called "neutron bomb," which is not in fact a bomb but a shell, would be more likely to spare innocent lives, if it had to be used, than the present generation of dirty nuclear warheads currently stockpiled in Western Europe. The "people" it would kill would be Russian tank crews in the suburbs, say of Hamburg who had no business to be invading West Germany. It is a defensive weapon.

For many years the West has adopted a strategy of "flexible response" to deter an assault by Warsaw Pact forces across the North German plain. Warsaw Pact tanks in central Europe outnumber those of NATO by roughtly three to one. The assumption has always been that if an Eastern breakthrough overwhelmed the West's conventional forces, tactical nuclear weapons would have to be used —both to stop the Eastern tanks in their tracks and to signal that the West did not intend to surrender. The battlefield would be West Germany. What makes the Enhanced Radiation Reduced Blast warhead (the "neutron bomb") different from existing tactical nuclear weapons is that it would destroy less of West Germany in the process.

Propaganda

Nevertheless, the "neutron bomb" has acquired an image of ogre proportions in Western Europe. It aroused enough predominantly Left-wing opposition to induce President Carter, in 1978, to shelve plans for deploying it in Europe. (Its role, as a wepon to be used against massed tank formations, makes it unsuitable for any other theatre). Mr. Carter's *volte-face* amounted to one of the biggest propaganda coups brought off by the Soviet Union

President Reagan has a number of reasons for trying to succeed where President Carter failed. Though it is not an overriding consideration, he is committed to deploying the *neutron weapon in Europe by* the Republican Party platform on which he was elected. The issue was one on which he constantly chided President Carter for weakness and vacillation in the election campaign.

Difficult

None of this, however, is likely to cut much ice with the weapon's opponents in Western Europe. Having agonised over the decision before President Carter changed his mind, European governments are not likely to want to have to go through *the whole process once again.* In West Germany, Chancellor Helmut Schmidt is already in trouble with his Left-wing on nuclear issues, and other countries like Belgium and the Netherlands are finding it difficult enough to digest existing NATO plans to instal a new generation of nuclear-tipped Cruise missiles on West European soil.

The Americans are fully aware that they cannot introduce the warheads into Western Europe without the consent of their European allies. If the Reagan Administration goes ahead with the plan, it will have to conduct the fullest consultations with the Europeans.

If there are any grounds for anxiety over the "neutron bomb," they lie in the danger that it might lower the nuclear threshold by making it easier and "cleaner" to fire the first nuclear weapon. That risk should be met by ensuring that the political controls on its use are as tight as those governing existing nuclear weapons in Europe. Meanwhile, a serious new attempt to negotiate East-West arms reductions would *help to reassure West Euro*peans that the name of the game is peace not war. If Soviet intentions are peaceful, Moscow has nothing to fear from the "neutron bomb." If they are not, the Russians should not be allowed to have a veto over what kind of weapons the West chooses to deploy in its own defence.

The freedom to invest

THE IDEA of financing telecommunications investment through forward sales of telephone units, proposed by the Post Office Users National Council, deserves a more open-minded reception than it seems to have been accorded by the management of British Telecom. At a time when the Government is imposing constraints on potentially profitable investment in the public sector, it would be natural for the managers of nationalised industry to be putting forward imaginative ideas on how the straitjacket might be loosened. However, while nationalised industry chairmen have spoken about the desirability of excluding some of their investment programmes from the definition of the Public Sector Borrowing Requirement, they have only recently begun to think seriously about detailed proposals which might overcome the Treasury's misgivings about relaxing the present controls.

Caution

Under these circumstances, it is hardly surprising that the Government has moved only with extreme caution towards a more rational system of nationalised industry financing. Nonetheless, some Ministers are well aware of the economic and political advantages of allowing certain of the public corporations to raise money outside the gilt-edged market.

This week's Government-supported amendment of the British Telecommunications Bill and the statement by Mr. Kenneth *Baker, Industry Minister,* that he is "actively pursuing means by which British Telecom could borrow funds which would not be counted against the PSBR," suggests that the Government may be willing to listen to new ideas on financing. It is now up to those nationalised industries, to press their case.

The POUNC proposal for forward sales of telephone services meets one of the Treasury's objections to any loosening of control over nationalised industry borrow*ing: the effect on interest rates* is likely to be the same whether British Telecom borrows through the Treasury or directly on the bond market. However, if it were to raise money through forward sales instead of fixed-interest borrowing, the impact on capital markets would be very different.

Forward sales are one example of a financial innovation which would allow the profitable nationalised industries to operate more nearly like private corporations. In a period of rapid expansion, few private companies would finance their investment entirely through profit retention and long-term fixed interest borrowing.

Another point which is brought out by the POUNC proposal is the importance of distinguishing between lame ducks and nationalised industries with good prospects. Forward sales of steel from the British Steel Corporation, for example, would be impossible to arrange unless the Government guaranteed delivery. Few steel users would be prepared to take a gamble on BSC's solvency five years hence without a Government guarantee. For corporations such as British *Shipbuilders, British Steel and* British Leyland, there is no alternative to continuing Treasury control.

British Telecom, on the other hand, would be able to raise money either from telephone users or from investors on the strength of its commercial prospects and without guarantees. The question of how to untangle part of a profitable nationalised industry's investment programme from the Government's guarantee is the Treasury's greatest bugbear

Monopoly

The deepest problem about giving nationalised industries more freedom is not one of Treasury guarantees of macroeconomic policy. It is the danger that monopoly industries will abuse their market power.

However, the present system of controlling the nationalised industries, which in general leaves pricing decisions to managements, but imposes strict limits on borrowing, does not protect consumers from the abuse of monopoly power. It would be understandable if the Government wished to use the Monopolies Commission or some other independent body to monitor nationalised industries' performance more closely. But arbitrary limitations on borrowing and investment simply impose on the consumer the worst of both worlds.

INSOLVENCIES IN BRITAIN

Life after bankruptcy

By Ian Rodger

Surprisingly enough, not all industrial bankruptcies end in disaster. Groups may be broken or companies taken over. The process of natural selection may well be at work during the recession, but among products that have survived the failure of the companies that once made them are Fodens trucks, *Meccano* sets and *Hornby model* trains.

ANYONE WHO doubts that there is life after bankruptcy should visit the British Toy and Hobby Fair at London's Earls Court exhibition hall this week.

There are bits and pieces of the former Dunbee-Combex-Marx, which went bust just a year ago, all over the show. The Louis Marx wind-up walking toys have turned up in Berwick Timpo's Peter Pan booth while Combex nursery toys are displayed on the mezzanine alongside the huge stand of Pedigree Dolls and Toys, featuring the resilient Sindy.

A half-mile up the road, Hornby Hobbies, still under the management of the DCM receiver, Mr. Paul Shewell of Coopers and Lybrand, is welcoming all model train retailers to its Earlybird Express sitting in Olympia Station.

Meanwhile, on the mezzanine ominously overlooking the whole show is a big display mounted by Airfix Products. Salesmen are eagerly pushing Dinky Toys, Meccano sets and model aeroplanes while the receivers, appointed only last week, are still trying to work out what the businesses are worth.

"The banks could have at least waited until after the toy show," Mr. John Oakley, chairman of Berwick Timpo, grumbled on Monday as he looked at the Airfix stand. "It sets a bad tone for the whole show."

Bad tone or not, children of all ages must be relieved that many of their favourite products will live on, despite the disasters that have befallen the companies that once owned them.

Fortunatelly, it is not only in the fantasy world of toys that products usually go on to new lives after bankruptcy. Even in the current severe recession, many heavy industrial bankruptcies end happily too.

Take, for example, the case of Fodens, the Cheshire truck manufacturer that called in the receivers last July. Only four months later, the receivers had sold the assets to PACCAR of Seattle, manufacturers of Kenworth and Peterbilt trucks.

PACCAR, formerly Pacific Car and Foundry had been looking for a way of entering the European market and jumped at Fodens because its products cover the same high quality sector of the market.

The name of the company has been changed from Fodens to Sandbach Engineering and only one third of the former Fodens labour force has been taken on but at least production is under way again.

"Before, there were 1,500 people working one day a week," Mr. Hank Keifer, managing director, says. "We have 500 working full-time now. I think the community is better off."

Another case that might have looked hopeless at the time was that of the engineering group, Fairbairn Lawson, where receivers were called in last April following what was described as a breakdown in accounting systems at the group's principal subsidiary, Greenbat.

Greenbat was sold to Hunslett (Holdings) for £1.65m in May, the Flexiform office furniture business in Leeds was taken over by its managers and the packaging business in Barnsley has been sold to Bowater. Only two small filtration equipment subsidiaries had to be shut down and the receivers say the sale at auction of the machinery drew surprisingly reasonable prices.

> **"The failure of weak companies is a healthy sign"**

Most of the operations of Cope Sportswear, the once high-flying fashion house that went bust just before Christmas, have already re-emerged under new ownership. Thus A. W. Fabrics in Bradford, where the £1¼m investment in a large modern factory was one of the causes of the Cope bankruptcy, was quickly sold to Yorkshire Fine Woollen Spinners for £1.4m and almost all the 100 employees have been kept on.

Cope's Pennywise chain of retail shops has been sold to Stylo Shoes for £1.8m, maintaining the jobs of approximately 200 staff. Two of Cope's clothing import businesses, Skopes and Niel and Niel, have been taken over by their managers, leaving only one substantial operation, which makes track suits and other sports clothing, to be disposed of.

Of course, not all businesses survive insolvency so easily. Bamfords has had a terrible time since the fall in demand for agricultural machinery and other factors pushed it into liquidation last June. The liquidators first cut the workforce from 600 to 300 and then to 200. With no signs of recovery in the industry, the business still does not look saleable and so is being reduced to a mere spares manufacturing operation that will employ only 60 people. Hopes rose last month when a potential buyer emerged, but he withdrew last week.

If the survival rate of businesses after bankruptcy is as high as these cases indicate, the obvious inference is that collapses occur mainly because of management failures of one kind or another, rather than because of bad products or *difficult economic conditions.*

Indeed, one common pattern is that of restless managers using the proceeds from their successful businesses to expand into other and then becoming over-extended because of the cost of unforeseen problems.

Dunbee-Combex-Marx, for example, had a very strong profit growth record in the UK in the early 1970s and went on to make a success of turning round its first U.S. acquisition in 1976, the ailing Louis Marx toy group. However, things began to fall apart when DCM *picked up another U.S. loser,* Aurora Products, in 1978 and tried to turn it round by integrating production with Marx.

From a peak profit of £6.4m in 1977, the group plunged to a £5.1m loss in the first half of 1979 and began desperately looking for ways to unload its U.S. assets. When two deals fell through early last year, Midland Bank called in the receivers.

Despite the bankruptcy, the UK businesses of DCM have remained highly profitable and many of them have been bought by a consortium led by the former joint managing director, Mr. Richard Beecham.

Another common pattern of failure is that in which a significant misfortune befalls a company and the directors do not assess it correctly. By the time they realise the extent of adjustments that must be made, it may be too late.

Fodens invested £5.5m in an automated assembly plant early in the 1970s in anticipation of rapidly expanding markets. The succession of recessions since the 1973 oil crisis undermined that forecast. Fodens first ran into liquidity problems in 1975 and was bailed out by some City institutions to the tune of £3.1m in convertible preference shares.

But this still left the group undercapitalised so that when the current recession came along and Fodens misjudged the severity of the fall in demand, the company was unable to withstand the pressure of rising unsold stocks on its limited working capital.

Bamfords was a case of a company caught with the wrong product, the baler, at a time when silage was becoming an increasingly important feedstock. The recession in agricultural machinery, a lengthy strike early last year and the loss of a couple of import franchises were enough to push the company over the edge.

Most of these cases tend to reinforce the view of professional liquidators and receivers that bankruptcy is a natural and even desirable occurence in a market economy, albeit a traumatic one for many of those closely involved.

"The failure of weak companies is a healthy sign," Mr. Mark Holman, head of insolvency practice at Price, Waterhouse, says. "It is natural selection at work, survival of the fittest."

If so, the market economy is in great health because the number of company failures in England and Wales jumped more than 50 per cent last year to a record 6,876.

However, many observers have been surprised by the lack of medium-sized and large companies among the losers during the current severe recession.

In part, this is because things tend to happen to large companies before they go bankrupt. For example, a takeover bid may be made, or some sort of rescue package organised before the call has to be made for the receiver.

Such a solution was found last November for Newman Industries, the troubled manufacturer of electric motors, castings and industrial fasteners.

BUSINESS FAILURES IN ENGLAND AND WALES

1971	3,506
1972	3,063
1973	2,575
1974	3,720
1975	5,398
1976	5,939
1977	5,831
1978	5,086
1979	4,537
1980	6,876

**Includes receiving orders, administration orders, deeds of arrangement and compulsory and creditors' voluntary liquidations. Source: CSO.*

Relying largely on exports, the group saw its margins badly hit by the strength of sterling while borrowings reached 125 per cent of shareholders' funds at *the end of 1979 and continued* to rise last year.

The company desperately needed a large injection of cash and ended up accepting an offer of £8.6m from a Singapore group in return for a controlling stake when the new investor converts some loan stock into shares.

Another reason for the lack of big companies going bust is that boards undertake the necessary surgery themselves.

In some cases, boards have undertaken the surgery willingly. In others, they have responded to a more aggressive approach by their bankers.

Insolvency specialists, accustomed to being called in only when a company goes bust, now find that the banks are sending them along to examine the situation at an early stage in the hope that the presence of the corporate undertaker will concentrate a few minds.

An additional factor, as has been widely reported in recent weeks, is that the main clearing banks, allegedly under pressure from the Bank of England, and sensitive about the high level of their own profits, have been bending normal lending rules to help many strained industrial companies.

Mr. John Davis, chief general manager of Lloyd's Bank, said last month that the number of concerted support operations among the four main clearing banks totalled fewer than 30. Among the known names on the list are Massey-Ferguson, Duport, Thomas Borthwick, Lesney Products, and Stone-Platt Industries.

The Bank of England has denied that it is putting pressure on the banks to support lame ducks. It claims only that it tries to make sure that one bank does not attempt to seize a competitive advantage over other banks that may be involved by precipitating an otherwise needless receivership.

The fundamental argument for such support operations is that Britain's industrial base would otherwise be so reduced in the current recession that it would be unable to meet a major recovery in demand whenever it comes and so the country would have to turn to imports.

But market purists reply that whatever the motives, these operations interfere with the process of natural selection and survival of the fittest, a process that turns out to be not as destructive as some people may fear—as the Toy and Hobby Fair shows.

MEN AND MATTERS

ENI confusion is Occidental

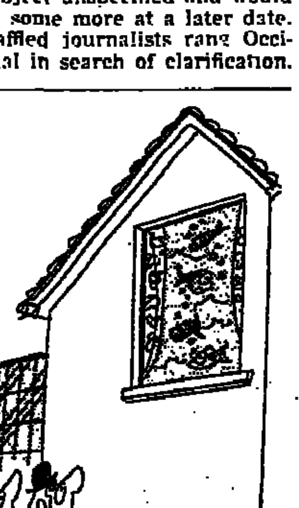
The top brass of the Italian state oil company, ENI, turned up in London yesterday, bringing with them a colourful little sample of the problems which have characterised the company through the past year.

ENI summoned journalists to a 2.30 press briefing at their neo-Gothic Park Lane headquarters where, it was promised, an announcement would be made of a major joint venture between the company and Occidental Petroleum of the U.S. Present would be both Alberto Grandi, the new ENI chairman, *and Dr. Armand Hammer, the* irrepressible 82-year-old chairman of Occidental.

But 2.30 came and went with no announcement. Embarrassed ENI officials said at first that there had merely been a slight delay. But by the end of the afternoon they were issuing a bland statement to the effect that the two sides had held talks on a subject unspecified and would hold some more at a later date.

Baffled journalists rang Occidental in search of clarification, only to find its spokesmen equally baffled. "We are just having preliminary talks with ENI," one said. "No one has invited us to any press briefing." And the main reason for Dr. Hammer's presence in London? The opening by Prince Charles of an exhibition of his Daumier collection at the Royal Academy.

Dr. Hammer, for his part, is no stranger to surprise announcements. On another recent visit to Occidental's oil terminal in the Orkneys he suddenly declared that Oxy planned a £625m capital investment programme in the UK. No one was more surprised than Mrs. Thatcher, his guest for the day. But spectical members of the oil industry are still waiting to see any concrete results.



"I see they've started hoarding water again."

Record breaker

Sometimes we criticise the Government for not cutting spending sufficiently. Sometimes we criticise it for cutting too much. Today, we are going to criticise it for cutting too much.

Or, more properly, for cutting in the wrong place. For yesterday saw publication of the 1981 Companies Bill, read for the first time in the House of Lords. And it contains, as had long been foreseen, the abolition of the Registry of Business Names. The RBN is meant to detail all business names, not only incorporated ones, and the people behind them.

The RBN costs around £910,000 net to run each year, employs 67 staff, and adds to its files around 140,000 new businesses each year. It is the central point of inquiry into business ownership, used primarily for preliminary checks for credit references, and receives 200,000 inquiries annually.

In the forefront of the movement to save the RBN, which has gathered force since the Companies Act proposals were published last April, is business information service Dun and Bradstreet. Search fees have been raised from 5p to £1 at Companies House, points out Dun's John Dawson. So why not a hike in RBN fees to bring down running costs there?

Dun and Bradstreet floated last year the idea that the RBN could be maintained privately, if the Government were willing to compel or even advise businesses to register. In the absence of that, says Dawson, the plan has been "thwarted."

The Institute of Directors is another party disturbed by the imminent dissolution of the RBN. "It would make it quite impossible for people to trace fraudulent traders," observes Graham Mather, solicitor and assistant to the IoD's Director-General Walter Goldsmith. The only route available to sue a trader known only by an ephemeral *nom d'affaires* would be to persuade a court to issue what would effectively be a writ against "persons unknown."

"It is," says Mather, "a typical example of the Civil Service cutting where there is a legitimate role to play."

Credit rating

The Government's decision to abolish the registry also brought an angry parting shot yesterday from McNeil Greig, retiring director general of the country's major source of credit information, the United Association for the Protection of Trade.

"Thoroughly undesirable," Greig snaps. "The registry should be strengthened and made more effective, not abolished."

Greig joined UAPT in 1946, after wartime service in which he was awarded the M.C., and has guided the organisation through a long period of dramatic change.

"When I arrived, many of the records were still kept in massive ledgers," he tells me. "I can remember the excitement with which we greeted such milestones of progress as the loose-leaf folder and record cards."

Founded in 1842 and owned and controlled by some 10,000 member businesses, UAPT's national credit registration files now total over 16m.

Since Greig took over its direction in 1959, the credit inquiries handled each year have risen from 267,000 to more than 12m and turnover has soared from £92,000 to £6m.

Author of standard textbooks on credit law and active in the wider fields of the credit trade, Greig will continue to keep an eye on UAPT's affairs from the management committee after handing over to his deputy, Dr. Brian Bailey.

But he looks forward to doing more digging in his five-acre garden than in the files. And to extending the international network of friends he has accumulated in nearly 50 years as a radio ham.

It was through this hobby that he met perhaps the most credit-worthy man he knows — a Tanzanian missionary who runs a beekeepers' co-operative.

Arts and Crufts

I take the liberty of reproducing the following advertisement, which appeared on the back page of yesterday's Times.

"Change your dog's breed today. Pedigree conversion kit, no surgery, no awkward buttons, zips etc. Guaranteed non-shrink and fully waterproof, convert from Corgi to Peke, Dane to Wolfhound, etc. Instantly."

What does it mean? How does it work? Is there a human version? Have two quite distinct advertisements become mischievously intertwined in the composing room? I appeal for any helpful suggestions.

Bespoke

Sign in a Lambeth tailor's shop: "Alterations as usual during business."

Observer

ECONOMIC VIEWPOINT

How not to set interest rates

THE BANK OF ENGLAND has always had a beautifully *simple* philosophy towards interest rates: lower them when *the* pound is too strong and increase them when the *pound is* too weak. In keeping with this philosophy markets *have* been prepared for an extremely early *drop in* Minimum Lending Rate (MLR).

During the period from 1949 to 1967 *when sterling* was pegged to the dollar at $2.78 to $2.82 *it was easy to say what* "too strong" or "too weak" meant. *Since the U.S. was fol*lowing a non-inflationary policy *for most of the period, the* policy did little harm.

Since the *breakdown of fixed* exchange rates, the only criteria *for sterling being too high or* too low have been (a) the *calculations of the Bank's* economists of how "competitive" *or "uncompetitive" the* exchange rate is, and (b) the dislike *of the "practical men"* in the Bank for excessively *rapid movements of* the rate in either direction. The effec*tive result is a readiness to* accommodate, via the exchange rate, *any upward movement in* costs or prices, which can then *be blamed on to the unions,* public spending, left or right-*wing government* extremism, import prices, or whatever is *the fashionable* scapegoat in the banking parlours.

Some brake was put on this accommodation of inflation (a) by the Bank's very transitory and partial switch from exchange rate to money supply objectives in 1977, when it was still shell-shocked by the run on sterling of the previous year; and (b) by the present Government's so-called "doctrinaire monetarism" which has put some brake on the Bank's pursuit of purely exchange rate objectives, *but may not do so* for that much longer.

In principle an exchange rate objective might still serve to promote price stability if sterling were pegged once more to a non-inflationary currency, e.g. to the D-mark via the European Monetary System. Mr. Gordon Richardson has underlined the Bank's sympathy for this approach with a strongly pro-EMS speech on Monday.

But in fact membership of the EMS exchange rate regime would be a disaster worth demonstrating in Threadneedle Street to prevent. First, as I explained in the Lombard column on Monday, membership would be unthinkable without a prior major sterling devaluation which would undo all the recent painfully achieved progress in reducing inflation. Secondly, as the EMS permits parity changes, it would work in practice as a one-way option. Sterling would be prevented from appreciating when market forces were pushing it up, but it would still be devalued when the existing parity proved an embarrassment. There would thus be a one-way inflationary ratchet. Thirdly, it would be typical British luck to seek a link with the D-mark just when the long years of German price stability may be coming to an end.

Swiss special circumstances

At this point the example of Switzerland is often mentioned. Did not Switzerland abandon its domestic monetary objectives when the Swiss franc rose too far against the German mark? Yes it did, but in very special circumstances.

The upsurge in the Swiss franc in 1977-78 was due to an increase in demand for francs from overseas holders who wanted to diversify their funds *away from the dollar.* The Swiss National Bank allowed *very large increases in the* monetary base, as well as in all other monetary indicators to end the appreciation against the Deutsche Mark; and there was only a modest break in the country's run of low inflation figures.

There are some similarities with sterling, which has also been experiencing an increase in overseas portfolio demand. But the differences are even more important. Because of Switzerland's price stability record, the increase in the monetary base and in M1, which were the targets of policy, was treated as temporary and did not rekindle inflationary expectations. And, indeed, the rise did prove temporary. The monetary aggregates dropped sharply in 1979 and 1980. Does anybody believe this would happen in the UK?

* * *

*DOES this mean that a reduc*tion in MLR will be wrong? The *Bank of England neither* publishes the figures nor uses the *techniques which would enable* a reasonable judgment to be *formed. If we had a sensible* monetary system a Prime *Minister professedly devoted to* market economics, would not *have to talk about "her" interest* rate decision. The Bank of England would influence monetary quantities and interest rates would emerge in the market.

The Prime Minister is in any case as powerless to dictate interest rates in the long run as King Canute was over the tides. All she can do to keep them down is to follow the indirect route of inducing the Bank of England to follow anti-inflationary policies and controlling her own Government's borrowing requirement over the course of the business cycle.

In countries such as the U.S. and UK with highly complex *markets dominated* by large government debt, a whole range *of monetary aggregates needs to* be monitored.

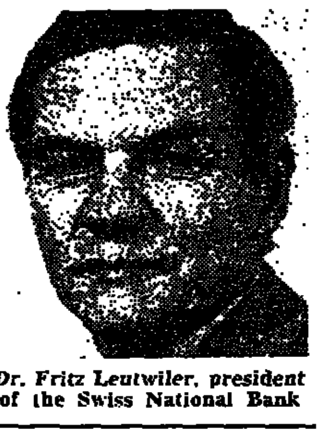
SWISS ECONOMIC INDICATORS

Rate of increase on previous year (end of period)

Year	Monetary base*	M1	Broad money†	Consumer prices	Effective exchange rate‡	D-Marks per SFr
1975	2.0	4.2	8.1	3.5	101.30	1.001
1976	7.5	10.5	7.8	1.3	110.45	.964
1977	3.5	0.6	5.9	1.2	124.80	1.053
1978	17.2	19.6	10.6	0.7	142.39	1.128
1979	−8.0	−1.4	11.0	5.2	149.03	1.096
1980§	−9.4	−4.1	−7.6	4.3	142.50	1.109
Feb. 3, 1981					133.1	1.103

* Reserve money. † M1 + Quasi-money broadly equivalent to M2. ‡ IMF index 1975 = 100. § Latest available year-on-year.

Because of Switzerland's price stability record, the increase in the monetary base and in M1, which were the targets of policy, was treated as temporary and did not rekindle inflationary expectations.



Dr. Fritz Leutwiler, president of the Swiss National Bank

It has been fashionable to sneer at the Government's Medium Term Financial Strategy because the wide definition of money known as Sterling M3, has risen at about 20 per cent per annum or twice the target rate.

Now a new and opposite fashion in criticism is developing. The new critics look at the narrower measure of the money supply, M1, which excludes *deposits (or savings) accounts,* and which has hardly risen over *12 months. On this basis they* say that monetary policy has *been much too tight.* They look also at the so-called "monetary base"—i.e., bankers' deposits at the Bank of England plus notes and coins—and claim that policy has been savagely restrictive and responsible for sterling's appreciation.

Both these criticisms are far fetched. The 20 per cent rise in Sterling M3 does not mean that price rises will accelerate in 1982 to 20 per cent to a pre-ordained timetable, like a Mussolini express train. This *need never happen if monetary* growth is put back on course *and some of last year's drift* recovered. But it is equally dangerous to concentrate on narrow definitions of money and ignore the wider aggregates in the UK, whatever the case may be in Switzerland. The narrow measure, M1, is automatically held back when interest rates are high as bank customers switch from current to deposit accounts. The latter of course pay interest and are outside the narrow definition.

Nobody monitoring M1 in Britain would have predicted the Heath inflation of the middle 1970s. Nor is the monetary base, which the Bank of England has never attempted to use for control purposes, and which banks can add to at will, at present *a good indication of the* thrust of monthly policy. For what it is worth, the *base* was also rising very little during most of the Heath "dash for growth" period.

There is a very *strong* case for moving over to a genuine monetary base, not as a magic incantation but as a quantity which the Bank of England should seek to influence in the short term. *In the 1981 issue of* the City University's annual Monetary Review (price £7.50) Professor Brian Griffiths presents a plausible route by which such a system could be reached in the UK within a few months.

Interest would be paid on the required reserves to reduce the incentives to dodge the control. In addition MLR would have to be made a genuine penalty rate substantially above market interest rates, and gilt edged would have to be sold off at whatever price they will fetch by any of the alternative systems so often put up to, and rejected by the Bank.

The main purpose of the monetary base target and of any *other target for some narrow* definition of money would be to *provide an immediate opera*tional objective so that the Bank *of England would try to control* a monetary quantity and leave interest rates for the market to determine.

Both the narrow money and base targets would be liable to change and be primarily a matter for the monetary technicians to decide. They would make their decisions on the basis of more stable objectives for much broader definitions of money and liquidity. *But above all it is essential to bring all these targets together, in combination with fiscal policy into a simple long-term goal which everyone can understand. By far the best candidate is the growth of money GDP.*

* * *

DOES this suggestion of a policy in terms of monetary quantities mean that nothing should be done about sterling, however high the pound rises? On October 30, I suggested temporary penalties on inward capital movements if the trade-weighted average for sterling reached 80 on the old basis, equivalent to around 103 on the new. Switzerland did not rely on the temporary relaxation of monetary policy just described, when faced with heavy currency inflows, but imposed interest penalties on foreign-owned bank deposits; and Germany has had a withholding tax on interest payments to *foreign bond*holders: to name but a few of the *measures.*

Breathing space for adjustment

The Bank of England's *attempted rebuttal of the case* for inward deterrents was based *on the view that such controls* would leak and have no perma*nent effect. But this is to mis*take entirely their purposes in present circumstances; which would be to ascertain whether the present pressures on sterling reflected mainly interest rate differentials, temporary "overshooting," or more durable forces. If, as is probable, *they* represent something more durable the inflow *penalties* would give industry a *longer* breathing space *in which to* adjust. More than this is neither possible nor desirable.

When central bankers espouse free markets and eschew controls one should always be suspicious. A check on foreign currency inflows would make it easier to ensure that interest rates moved in accordance with domestic monetary objectives rather than exchange rate ones; and that is precisely why they are disliked.

The Bank and the CBI may in any case be very disappointed by the effect of an interest rate cut on sterling. Of course, the exchange rate has moved down after this week's heavy hints. But the last two MLR cuts, going from 17 to 14 per cent in all, and a dramatic reversal of the trans-Atlantic interest rate differential from one favouring sterling to one favouring the dollar did not prevent the pound *rising to fresh heights.*

A controlled depreciation is *the one thing that governments* and central bankers find difficult to manage. For a time interest rate cuts, coupled with tough statements from the Prime Minister might be interpreted as a gesture of confidence and actually strengthen sterling. Eventually, but with totally unpredictable timing, the markets would tumble to the abandonment of domestic anti-inflationary policies and sterling would take a nose-dive, as difficult to stop as the earlier upsurge.

Exchange rates like other *prices are best left to markets;* but if they must be influenced direct controls are better than a resort to inflationary finance however respectable the disguise.

Samuel Brittan

Letters to the Editor

The search for revenue

From the Managing Director, IBCA Banking Analysis

Sir,—It is widely rumoured *that the Chancellor in his* desperate search for revenue *may* be going to impose a "windfall profits" tax on the clearing banks. Had the same tax been suggested by Mr. Anthony Wedgwood Benn we would have headlines such as "Benn bashes banks" screaming at us and the whole City establishment protesting the encroachment of communism. As it is likely to be proposed by Mr. Nigel Lawson, *a man* of impeccable right-wing principles, *it probably will* be accepted with resignation. It shouldn't be.

The argument for a windfall profits tax relies on the assumption that clearing banks have been excessively profitable and that you can isolate the component of this profitability which is alone due to high interest rates. In 1979 the four *major clearing banks achieved* a return on equity of 19 per *cent against an inflation rate* of 17 per cent. When compared with major banks around the world these four certainly did well but, as a group, were not as profitable as the Dutch banks. This year the banks will probably achieve a return of less than 15 per cent against a similar rate of inflation. These are hardly electrifying figures. It *seems the Government's* stance might be summarised by *the phrase "If it loses money,* subsidise it. If it makes money, *tax it."*

Even assuming the profits are excessive, the attribution of how much this excess derives from high interest rates would require the wisdom of Solomon. High interest rates benefit a bank's earnings to the extent it has cheap deposits. They reduce loan demand, however, increase loan losses and lower the profitability of fixed rate loans. In a market economy excessive profitability stimulates competition and is automatically eliminated. If this is *not* happening it would indicate the *presence of a monopoly or* cartel and as such is a case *for the Office of Fair Trading* and not the Chancellor.

Robin Monro-Davies,
2 Wilson Street, EC2

Tax on windfall profits

From Mr. A. France

Sir,—Is there not a strong case for the Confederation *of* British Industry joining with the banks to oppose the imposition of a windfall profits tax, as in the next recession it may be the turn of some of their members.

Once the principle of the rewards going to risk capital is broken — and the attitude adopted that risk capital carries the risk of sub-normal profits but is very liable to tax on the compensating cyclical super profits—who knows where the axe of a desperate Government will land next.

Alastair France.
20 Copthall Avenue, EC2.

Excessive borrowing

From Mr. J. Redwood

Sir—Your leader of February 2 *was misleading in its conclu*sions. The logic of a tight *Budget leaving room for a sharp* cut in interest rates is compel*ling. It is difficult* to argue that the demand for credit is not excessive still given the large demands of both the Government and hard pressed industrial borrowers. Whatever you think of any particular statistic the *amount* of borrowing is still large by any standard *other than that of the periods in* the 1970's when credit expan*sion had been excessive.*

In this context it is difficult to believe that the nationalised industries should as a whole be allowed to borrow more on so called commercial terms or that taxation on individuals and North Sea oil should be increased still further. A more *appropriate policy would be to* deal directly with the under*lying causes of* excessive government borrowing. Any *casual* observation of the figures illustrates that one of the main contributory factors to the fiscal imbalance compared with the medium term strategy is that large deficits have appeared in British Steel, British Leyland, British Shipbuilders and one or two other leading nationalised concerns.

Direct attempts to limit the *rate of increase and preferably* to reduce these deficits would *have several* beneficial consequences. To the extent that it was achieved by selling assets from public to private sector it would result in transferring problems from the Government whose experience owning equity has been unhappy. To the extent it was achieved through greater efficiency it would make these businesses more competitive, to the extent that it eased borrowing and interest rate pressures in the *economy* as a whole it would have as a corol*lary a favourable impact on the* remaining sectors of British *manufacturing industry* which are not in the public demesne.

In jumping from your proposition that the fiscal stance must be tightened and interest rates lowered to the proposition that nationalised industry borrowing should be fudged in the public sector borrowing requirement accounts and that those areas of the economy that have already been overtaxed should be taxed again you make a popular leap which now represents the consensus view of how to combat intractible problems. Unfortunately this consensus view will only succeed in *staving off* for a few more months the truth concerning the *growth rate* in the deficit and borrowing of certain major corporations which hold in their own hands the power to wreck the *medium* term strategy.

J. A. Redwood.
All Souls College,
Oxford.

Useful to the shareholders?

From the Company Accountant Molypress

Sir,—I have been following the various articles on current cost accounting which have appeared within your pages with great interest and have found the comments most varied.

I wonder, however, what the interested but perhaps "uninformed" shareholder makes of all the discussions. If he were to consult the accounting Standard he would read in paragraph 5 "the basic objective of current cost accounts is to provide more useful information than that available from historical cost accounts alone for the guidance of the management of the business, the shareholders and others . . ."

While the accountancy profession and all those companies affected by the standard carry on public debate as to whether or not this entirely new account*ing concept is of any benefit to* them, the bemused shareholder *is left with two conflicting sets* of financial statements both giving a different estimation of "profit" and both purporting to present a "true and fair view." Further, he is expected to understand such terms as "operating capability," "value to the business," and "current cost operating profit" without any of the help available to *those who prepared the finan*cial statements.

How then, can current cost accounts "provide more useful information" to the shareholders until someone finds some way of educating them on the subject which confuses, dismays and provokes the profession. Perhaps the shareholders, at least, will be glad when some *of the dust surrounding the* subject has at last settled and *they are able to see what it is* that has raised its ugly head.

H. F. H. Lumley,
Molypress, Oxford Road Trading Estate, Calne, Wilts.

Underneath the arches

From the Manager, Public Affairs, British Rail Property Board

Sir, — Colin Amery's item (February 2) about the impressive development of a sports *complex* underneath Cannon Street Station in London *(Underground Activities)* effectively illustrates what can be *done with railway arches using* the right sort of imagination.

British Rail is not "conservative" in its attitude to such developments: there are arches converted to factories, shops, pubs — even an Elizabethan style banqueting hall. We did not need to be "persuaded" to allow this development to proceed—in fact, we produced the idea. After first obtaining planning agreement from the City of London, we marketed the concept and selected the developer. We also have a financial investment in the project.

Terry Warburton,
British Rail Property Board,
274-280, Bishopsgate, EC2.

Publishing accounts

From the executive chairman, Haynes Publishing Group.

Sir,—In your comment (January 31) on our mid-year results you write that, "Rather cosmetically editorial costs for the U.S. titles have now been charged against UK operations."

There is an excellent reason for doing this. Our policy is, and always has been, to write off all our origination costs as they are incurred rather than to carry them forward as a depreciating asset over the life of the titles concerned. We, therefore, have a hidden asset in the sense that over the years we have now spent nearly £4m on origination which has been totally written off although all the titles concerned are selling successfully.

In the U.S. the Internal Revenue Service wishes to do exactly what is against our base policy, i.e., it wants us to carry our origination costs forward depreciating them over the life of the titles concerned. It is for this very good reason that the origination costs incurred in the U.S. have now been accepted as the responsibility of the UK company.

John H. Haynes.
Haynes Publishing Group,
Sparkford, Yeovil, Somerset.

Tapping the saver

From Mr. R. Instone

Sir.—There seems from your columns to be general agreement that if the Government is to reduce its borrowing it must obtain a larger slice of personal savings, and/or reduce bank liquidity. It is surely obvious how this should be done.

Those whose personal net cash-flow exceeds their con*sumption expenditure are the* high earners, whose after-tax income was boosted by the 60 per cent tax ceiling imposed by the Finance Act, 1979. Many of these are financially sophisticated, but are reluctant at present to do more than top up their equity holdings with rights issues, because of the short-term economic outlook and the 1984 Election prospect.

The current issue of National Savings Certificates has little appeal for such investors, *because of its five-year term and* rear-end loading. So they are content to leave most of their cash on deposit, and will probably continue to do so while bank deposit interest exceeds say 8 per cent. The fact that it is credited gross has a significant compounding effect which adds to the attraction of the rate itself.

The sale of personal tax reserve certificates ceased in June, 1973, allegedly because of their administrative cost. But if the *Treasury wants our money, it must tailor its product to suit the customer.* Successive tranches of 3 per cent *stocks issued at a discount* have only slight attractions, because *these also suffer* from rear-end loading while interest rates are *abnormally* high.

My guess is that if personal tax reserve certificates were reintroduced in minimum units of say £500, carrying tax-free interest at an annual rate of 4 per cent if used for paying tax, and 3 per cent if encashed after being held for six months or more, the response would be enormous, with no adverse effect on other forms of public-sector borrowing.

Ralph Instone,
7, New Square,
Lincolns Inn, WC2.

Charges by the bank

From Mr. K. Mason

Sir.—As if the strong pound and normal export problems aren't enough, the banking *world is adding* to our difficulties by deducting 11.8 per cent *in some bank charges.*

More than 80 per cent of our *business is done overseas*—and all in small amounts—but to *suffer such penalising deduc*tions without a by-your-leave *compels one to rethink exports* and concentrate on the home *market. I cannot believe that* it costs £5 to exchange £42 from *one currency to another. And* it happens continuously.

Kenneth Mason.
Research Disclosure,
13-14, Homewell,
Havant, Hants.

Today's Events

GENERAL

UK: Federation of London Clearing Bank Employers meets Clearing Bank Union, and Bank*ing Insurance and Finance* Union, to discuss proposed negotiating and disputes procedures.

Electricity Council replies to manual unions' pay demands.

Post Office inaugurates Intelpost system.

Tenth anniversary conference of Action on Smoking and Health (ASH), Royal College of Physicians, London.

Sir Harold Wilson speaks at Incorporated Society of Valuers and Auctioneers lunch, Savoy Hotel, London.

European Association of Professional Secretaries meets, *Gloucester Hotel, London.*

Institution of Mechanical Engineers discussion meeting on automotive automatic test equipment.

Prince Charles visits HMS Invincible at sea.

Overseas: Two-day Franco-German summit meeting opens to discuss European Monetary System, Paris.

PARLIAMENTARY BUSINESS

House of Commons: Debate on the economic situation.

House of Lords: Energy Conservation Bill, report stage. Deep Sea Mining (Temporary Provisions) Bill, committee stage. Town and Country Planning (Minerals) Bill, committee stage.

OFFICIAL STATISTICS

Provisional figures of vehicle production for January published by Department of Industry.

COMPANY MEETINGS

Akroyd and Smithers, Austin Friars House, 2-6 Austin Friars, EC, 12.30. Brockhouse, Victoria Works, Hill Top, West Bromwich, 3. Arthur Guinness, Park Royal Brewery, NW, 2.45. C. A. Sperati, 54, Westcombe Hill, SE, 11.30. Trans-Oceanic Trust, 120, Cheapside, EC, 12.15.

COMPANY RESULTS

Final dividends: Aaronson Brothers. Blundell-Permoglaze Holdings. Lonrho.

LUNCHTIME MUSIC, London

Piano recital by David Kuyken, St. Mary-le-Bow, 1.05 pm.

Recital by Helen Verney (cello), Paul Willey (violin), and Timothy Carey (piano), St. Bartholomew-the-Great, 1.10 pm.

Organ recital by Philip Crozier, St. Giles' Cripplegate, 1.10 pm.

Organ recital by Gavin Brown, St. Mary-at-Hill, 1.15 pm.

Fraser assets may be shown as high as 300p per share

House of Fraser, the Harrods stores group, was preparing its attempts to resist a 150p per share cash offer from Lonrho, the international trading conglomerate.

A letter or circular may be sent to House of Fraser shareholders before the end of the week detailing the reasons for the board's revolt against Sir Hugh Fraser—and the subsequent battle which led to Sir Hugh's removal as chairman of the group.

An asset revaluation may be included which could show group assets per share of up to 300p.

Professor Roland Smith, the new chairman of House of Fraser, said that Sir Hugh Fraser's defection to the Lonrho camp was a contributory factor for his removal as chairman. "There we were standing shoulder to shoulder as a board against Lonrho when the chairman suddenly changed sides."

After two corporate campaigns had been fought between House of Fraser and Lonrho, at a cost of over £1m to the Fraser group, Sir Hugh and Lonrho's chief executive, Mr. Tiny Rowland, who sits on the board of Fraser, met and reconciled their differences.

The reconciliation took place barely 48 hours after the last battle over a sale and leaseback deal planned by the Fraser group of its D. H. Evans store when Lonrho was defeated.

Lonrho's annual results are due today and they are expected to show pre-tax profits around £120m.

Modest rise seen by Sound Diffusion

PROFITS for 1980 of Sound Diffusion are expected to be around £450,000, which represents a modest increase on the previous year's £379,000.

First-half profits of this electronic engineer were £224,000 and the directors say that the full-year's result will be approximately double this figure.

In the next few weeks, the company hopes to circulate outlines of several financial arrangements, two of which are currently being negotiated. These arrangements will not involve any cash call and, if successfully implemented, will collectively result in earnings per share being nearly doubled.

Gross earnings per 5p share at midway were 1.34p—no tax is payable. Turnover for the six months was £1.94m.

M & G Group has good start to current year

Mr. J. A. Caldecott, chairman of M and G Group (Holdings), unit trust, says in his annual report that the current year has begun well with a continued expansion in all fields of its business. In October and November, £6m of Guaranteed Income Bonds were issued, and the initial issue of units in the new Gilt and Fixed Interest Income Fund amounted to over £4m.

The Board intends to amalgamate the four UK-based assurance companies of the group into two companies as soon as practical by a scheme of arrangement. This will require the consent of the Court. The Board believes that by taking this step costs will be reduced and efficiency increased.

As known, pre-tax profits for the year to September 30, 1980 rose from £2.04m to £2.87m. Shareholders' funds increased from £6.17m to £11.27m.

During the year a director was paid £32,000 compensation for loss of office. On the retirement of the former chairman the pension payable to him by the M & G Group Pension Scheme was increased by £4,500 per annum to £25,000 per annum.

Meeting, Three Quays, Tower Hill, EC, February 25, 2.45 pm.

Ascot TV makes no Rule 163(2) dealings plea

Ascot T.V. Rentals, the company chaired by Mr. Tony Rudd, chairman of the former stockbroking firm, Rowe Rudd, has asked the Stock Exchange not to allow dealings in the company under Rule 163(2) because it is not able to finalise its accounts for the year to March 31 1980.

The company's precise financial position, the Board says, will not come clear for at least two months.

Last October, Ascot announced that it was pulling out of television rental after less than a year because of the impact of high interest rates on profitability. It sold 4,600 sets for £900,000, to Telebank Television Rentals.

Yesterday it announced a further sale of 3,500 sets to Telebank for £700,000 payable over the next 15 months.

The disposals were made against a background of "considerable trading losses."

English & N.Y. Trust improves

Net earnings of the English and New York Trust Company improved from £1.49m to £1.72m in the 12 months to end-December, 1980—equal to 4.3p per 25p share, compared with 3.75p.

A final dividend of 2.3p, against a forecast of not less than 2.25p, brings the total up to 4.05p net (4p including a special non-recurring payment of 0.4p).

Gross revenue was higher at £2.98m (£2.79m, including non-recurring income of £247,297).

Tax for the year amounted to £1m (£876,921) and expenses took £232,971 (£224,464).

The valuation of investments at year-end totalled £50.18m (£39.45m) with the amount attributable to ordinary stock at £48.2m (£38.58m), equivalent to 120.7p (96.9p) per share and fully diluted 120.4p (96.6p).

SPAIN

February 4	Price %	+ or −
Banco Bilbao	274	
Banco Central	320	
Banco Exterior	252	
Banco Hispano	262	
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	325	
Banco Urquijo	167	+2
Banco Vizcaya	297	
Banco Zaragoza	219	+1
Dragados	115	+3
Espanola Zinc	48	+1
Fecsa	58	
Gal. Preciados	33	+2
Hidrola	66.5	+0.3
Iberduero	58	−0.2
Petroleos	94.7	+2.2
Petroliber	75	
Sogefisa	102	
Telefonica	62	+0.8
Union Elect.	63.2	−0.3

WINTERBOTTOM POLICY APPROVED

The new investment policy of Winterbottom Trust recommended by the directors last month was approved by shareholders at an extraordinary general meeting yesterday.

PRETORIA CEMENT

The London Stock Exchange has agreed to terminate the share listing of the Pretoria Portland Cement Company, of South Africa, at the request of its directors who are of the opinion that the expense involved in maintaining the listing, a London office and the UK branch register of members is no longer warranted.

All the issued shares are, and will continue to be, listed and dealt in on the Johannesburg Stock Exchange, although it will be possible to deal in the shares in London under Rule 163(1)(e).

BIDS AND DEALS

Lyle Shipping property purchase

BY WILLIAM HALL, SHIPPING CORRESPONDENT

In a £2.8m deal, Lyle Shipping, the Glasgow-based shipping group, is taking over Leadenhall Commodities. It plans to realise the assets which will help finance the costs of three new bulk carriers under construction in Brazil.

Leadenhall is engaged in property development and leasing and at the end of 1980 had adjusted net tangible assets of £3.32m. Lyle intends to dispose of the properties and not expand materially Leadenhall's leasing activities. To meet the cost of the acquisition, Lyle is placing 467,500 new ordinary shares and the same number of new "A" non-voting ordinary shares.

H. Hogarth and Sons, another Scottish Shipping company which owns just under 30 per cent of Lyle, will purchase 30 per cent of the new shares and Wood, Mackenzie have placed the balance in the market at 300p—a discount of about 6.5 per cent on the current price. Lyle was advised by Guinness, Mahon and Co.

Lyle Shipping, which operates a fleet of around 20 handy-sized bulk carriers, is one of Britain's more successful shipping companies. Early last year it ordered three bulk carriers from a Rio de Janeiro shipyard. The first ship is due for delivery in April, another in the summer and the third in 1982. The total cost is $45m but because Lyle ordered early, the ships are now worth considerably more. In addition, about four-fifths of the cost will be met by 10 to 15 year loans at 7 per cent interest.

BPC/Pergamon talks reach advanced stage

Talks between the loss-making British Printing Corporation, its bankers, National Westminster Bank, and Pergamon Press have reached an advanced stage. Details of Pergamon's plans to increase its involvement in BPC should be announced by the end of this week, probably today.

Pergamon, which is headed by Mr. Robert Maxwell, already holds 29.4 per cent of BPC's shares following a "dawn raid" last summer.

MAJORITY OF GIH HOLDERS ELECT CASH

Results of elections under the recommended offers for Gosforth Industrial Holdings (GIH) by Ferguson Industrial Holdings (FIH) show that elections for cash outnumber those for shares in respect of almost 1m shares.

ICFC Corporate Finance announces that acceptances have been received in respect of 13.88m shares. Of this, 3.65m elected for cash and 2.67m for shares. Acceptances of basic offers amounted to 7.56m shares.

The average middle market price for FIH for the three business days ended February 2, 1981 was 61.333p. As a result, share elections will be satisfied in full (subject only to fractional entitlements) and cash elections satisfied as to 39.66 per cent of such elections.

The right to elect to receive a different mix of consideration under the offers ceased on February 2, but the basic offers remain open for acceptances.

ASSOCIATES DEAL

A. J. Bekhor and Company purchased on behalf of clients, Kangra International Holdings 60,000 ordinary in Renwick Group at 85p representing 0.67 per cent of that class of share. Kangra now owns 53.46 per cent of Renwick's issued share capital (excluding director's shares).

Caparo given Monday deadline

THE TAKEOVER PANEL has told Caparo to announce by 9.15 am on Monday, February 9, either that it will be making an offer for the shares of CMT which it does not already own, or that its talks with CMT have been called off and it will not be making an offer. Talks were continuing yesterday.

After Hanson Trust made an offer for CMT on November 28, Caparo was not slow to approach CMT, and it was announced on December 13 that Caparo might make a counter-offer.

Since then, the CMT directors have recommended their shareholders to reject the Hanson offer, which had received 0.9 per cent acceptance when it was extended for the second time on January 27. Caparo has gone on buying shares in the market, and now holds 21.5 per cent of the equity.

If Caparo decides not to bid, the Panel will, if requested by Hanson, agree to extend the final date by which Hanson's offer must either be declared unconditional or lapse. The current expiry date is 3 pm on February 13. If there is no offer from Caparo, Hanson will not be permitted to increase the terms of its current offer (49p in cash or one Hanson share for four CMT).

If Caparo decides to make an offer, Hanson would then be entitled to make a fresh offer, topping Caparo's price. A new offer from Hanson would run concurrently with that from Caparo.

Burmah extends U.S. interests

Burmah Oil said last night that it had reached agreement in principle for the acquisition of Bray Oil Company Inc. and Bray Processing, two small family-owned U.S. businesses.

The California-based companies manufacture specialised and synthetic lubricants and feedstocks. Negotiations for the acquisition, by Burmah Oil Inc., the wholly-owned U.S. subsidiary of Burmah, are at an advanced stage.

The company declined to reveal the cost or any further details of the deal, saying a further announcement would be made later.

The purchase is clearly designed to compliment Burmah's sales of lubricants in the U.S. through its Castrol subsidiary.

Last month Burmah announced another new venture in the U.S.—the acquisition of a 20 per cent interest in a two-year oil exploration programme operated by Transco Exploration. It is Burmah's first exploration venture in America since its financial problems in the mid-1970s.

Ben Williams' £0.5m deal

Ben Williams and Company has agreed in principle to purchase P. Denny and Company from the Practical Uniform Company for £500,000, to be satisfied by the payment of £50,000 in cash and the issue of 1.8m Ben Williams ordinary shares.

In the 13 months to October 31, 1980, Denny, which makes clothes for the hotel and catering trades and also owns A. J. Neale, a shirt maker and retailer established in 1869 and well known in the City of London, earned pre-tax profits of £143,694 on turnover of £724,123. Its audited net asset value at that date was £323,652.

Practical Uniform, manufacturer of uniforms and protective clothing, is controlled by Mr. J. G. and Mr. P. R. Jubert, who individually and through Miller, Rayner & Haysom, have been substantial shareholders in Ben Williams for many years. They believe that the manufacturing capacity of Ben Williams, which is at present under-utilised, can be exploited to supply the growing demand for tailored uniforms. The acquisition will broaden its business activities.

If the transaction is approved by shareholders at an EGM on March 16, Practical Uniform and the other Jubert family companies will control 69.3 per cent of the ordinary share capital of Ben Williams and 63.9 per cent of the votes.

Subject to the consent of the Panel on Take-Overs and Mergers, no offer for the remainder of the company will be made.

Pilkington S. A. selling investment

Pilkington Brothers South Africa, the unquoted subsidiary of the UK-based Pilkington Group, is seeking a buyer for its 9 per cent stake in Plate Glass and Shatterprufe Industries, South Africa's largest glass processor.

Although no official announcement has been made, Pilkington SA's managing director Mr. Derrick Cook says the decision to consider selling the interest in Plate Glass was taken some months ago.

At current stock market prices, the holding is worth about R9.8m.

Realisations from the sale, if it is made, will be used to expand local glass manufacturing capacity, though no additional float glass production facilities are planned.

Plate Glass, in turn, is likely to sell its 5.3 per cent interest in Pilkington SA, in the near future, says Mr. Ronnie Lubner, Plate Glass chief executive.

Plate Glass is Pilkington's largest customer in South Africa and the two companies compete directly in certain fields. However, the sale of Pilkington's interest in Plate Glass is not expected to result in increased competition. Nor does it presage a change in control of Plate Glass, which is 50 per cent owned by Placor Holdings.

BLUE BIRD BUYS PROPERTY

Following its policy of extending investment property interests, Blue Bird Confectionery Holdings has exchanged contracts for the purchase of freehold property with vacant possession at Fallings Park, Wolverhampton for £465,000 cash.

It is intended that, subject to planning and other permissions, this property will in due course become available for letting.

Dale Electric expands into France

Dale Electric International, the Yorkshire-based power systems group, has made its first overseas acquisition. It has bought 76 per cent of the French emergency power company, Comptior General Impex, for FFr 4.1m (£356,000) in cash from the Romano family, who started the company in 1946.

The family, Mr. Lucien Romana, president, Mr. Jacques Romano, sales director, and Mr. Alain Romano, production director, retain the remaining 24 per cent of equity. They will be joined on the Impex Board by four Dale directors.

Estimated turnover of Impex for 1980 is FFr 12.2m (£1.1m) with pre-tax profits of FFr 1.3m (£120,000). The company manufactures and markets emergency lighting units, battery chargers, fire and burglar alarms, and sells to over 900 active accounts in France and West Germany.

Commenting on the development, Mr. Leonard Dale, the Dale Electric chairman, says "the match between Impex and Dale is ideal for both parties; the acquisition gives Dale a stake in a healthy, go-ahead European company. The products are compatible with those of the Dale group, particularly Erskine, and we see many areas of mutual growth for both companies in our respective national markets."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Amal. Tin int.	nil	—	3	—	6
Benn Brothers int.	1.1	April 7	1.1	—	3.4
English and NY Tst.	2.3	April 16	2.1	4.05	4‡
Gold Mns. Klgrl. int.	12.5§	—	5	—	25.5¶
F. S. Ratcliffe int.	nil	—	1	—	5.25
Sentrust int.	40§	March 13	18	—	55
Sterling Trust	6.5	—	5.6	9.5	9.1¶
Yorks Fine Woollen	nil	—	nil	nil	0.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special non-recurring 0.4p. § South African cents throughout. ¶ Includes special payment.

LONDON TRADED OPTIONS

(Feb. 4 Total contracts 1468)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	330	94	15	—	—	—	—	416p
BP	390	44	35	62	—	72	—	"
BP	420	25	58	44	30	58	—	"
BP	460	11	1	24	40	—	—	"
BP	500	6	110	13	—	—	—	"
Com. Union	140	16	—	19	1	22	—	152p
Com. Union	160	7	1	9	—	11	—	"
Cons. Gold	420	58	3	73	—	87	—	453p
Cons. Gold	460	38	6	50	—	65	—	"
Cons. Gold	500	—	—	28	—	47	2	"
Cons. Gold	550	—	—	15	7	27	—	"
Cons. Gold	588	2	—	8	2	—	—	
Courtaulds	50	9½	12	12	—	13½	—	56p
Courtaulds	60	3½	67	7	113	9	49	"
Courtaulds	70	1	6	3	—	—	—	"
GEC	600	52	16	80	3	102	—	653p
GEC	650	23	4	52	4	70	—	"
Grand Met.	140	29	33	35	—	39	—	166p
Grand Met.	160	11	53	19	—	24	—	"
Grand Met.	180	4	77	9	5	13	1	"
ICI	280	32	—	48	5	62	—	295p
ICI	300	19	4	34	—	40	—	"
Land Sec.	330	67	—	74	3	—	—	356p
Land Sec.	360	39	2	50	—	62	—	"
Land Sec.	390	19	20	30	—	43	—	"
Land Sec.	420	8	22	18	—	—	—	"
Marks & Sp.	110	18	3	21	—	26	—	123p
Marks & Sp.	120	8½	11	15	—	19	—	"
Shell	600	7	2	14	—	—	—	432p
Totals			561		213		52	
		February		May		August		
Barclays B'k	390	8	—	25	1	40	1	385p
Barclays B'k	420	2	—	12	1	25	—	"
Imperial Gp.	70	11	—	11	41	13	—	79p
Imperial Gp.	80	3	4	4½	14	6	—	"
Lasmo	650	35	3	80	—	107	1	674p
Lasmo	700	9	2	55	3	77	—	"
Lasmo	750	3	4	32	—	55	—	"
Lasmo	800	1	10	18	5	40	1	"
Lonrho	84	21	5	—	—	—	—	105p
Lonrho	90	—	—	19	—	23	1	"
Lonrho	94	11	14	—	—	—	—	"
Lonrho	100	—	—	12	13	15	—	"
Lonrho	104	5	34	—	—	—	—	"
Lonrho	110	—	—	7	16	10	114	"
Lonrho	114	1	29	—	—	—	—	"
Lonrho	120	¼	—	3½	11	5	2	"
P. & O.	120	3	62	8½	80	13½	—	116p
Racal Elec.	300	36	17	55	—	68	—	335p
Racal Elec.	330	13	39	35	1	50	—	"
Racal Elec.	360	3	—	20	11	34	—	"
Racal Elec.	390	½	—	9	5	23	1	"
RTZ	390	—	—	32	1	48	—	383p
RTZ	414	6	15	23	—	—	—	"
RTZ	454	1	—	12	50	—	—	"
RTZ	460	—	—	—	—	17	30	"
Totals			238		253		151	"

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
GM C	$45	—	—	7	4¾	—	—	$46
GM C	$50	—	—	—	—	10	3½	"
		April		July		Oct.		
ABN C	F.260	5	11	—	—	—	—	F.269.50
ABN C	F.280	40	5.80	6	5	—	—	"
ABN C	F.300	18	1	—	—	—	—	"
AKZO C	F.15	—	—	28	3	—	—	F.16.10
AKZO C	F.17.50	11	0.80	142	1.20	11	1.90	"
AKZO C	F.20	84	0.40	4	0.60	15	1	"
AKZO P	F.15	—	—	20	1	15	1.10A	"
AKZO P	F.17.50	74	1.90	—	—	20	2.50	"
AMRO C	F.55	—	—	45	0.80	—	—	F.54.30
AMRO C	F.60	50	0.60	—	—	2	2A	"
HEIN C	F.50	25	6.80	5	7.50	—	—	F.55.20
HEIN C	F.55	3	3	1	4	—	—	"
HEIN C	F.60	14	0.80	—	—	—	—	"
HEIN P	F.55	3	1.30	—	—	—	—	"
HOOG C	F.12.50	3	3.40	—	—	—	—	F.15.40
HOOG C	F.15	24	1.20	27	2	—	—	"
HOOG C	F.17.50	19	0.50	—	—	—	—	"
IBM C	$65	13	3⅛	4	5½		—	$64⅛
IBM C	$70	2	1½	4	3¼	—	—	"
IBM P	$70	10	6¾	—	—	—	—	"
KLM C	F.55	1	9.90	—	—	—	—	F.63.80
KLM C	F.60	15	5	8	6.20 A	—	—	"
KLM C	F.65	40	270	—	—	—	—	"
KLM C	F.70	7	1B	—	—	—	—	"
KLM P	F.55	4	0.70	—	—	—	—	"
KLM P	F.60	3	2.10	—	—	—	—	"
KLM P	F.65	—	—	6	5.50	—	—	"
KLM P	F. 70	—	—	6	9.50	—	—	"
NATN C	F.120	3	5.20	—	—	—	—	F.122.60
NATN C	F.125	—	—	—	—	2	5.80	"
PETR C	Fr.5500	3	100 A	—	—	—	—	Fr.5000
PHIL C	F.15	32	2.40 B	9	2.70	—	—	F.17.10
PHIL C	F.17.50	109	0.80 B	300	1.20	353	1.70	"
PHIL C	F.20	73	0.20	10	0.60	—	—	"
PHIL P	F.17.50	—	—	25	1.30	—	—	"
PHIL P	F.20	2	2.80	—	—	—	—	"
POLA C	$25	—	—	3	2¾	4	4⅛	$24¼
OLIE C	F.170	1	41	—	—	—	—	F.208.30
OLIE C	F.180	5	32.50	—	—	—	—	"
OLIE C	F.190	69	22.80	—	—	—	—	"
OLIE C	F.200	117	14.20	—	—	—	—	"
OLIE C	F.220	76	5 A	10	8.30 A	4	12.50	"
OLIE C	F.240	11	1.20	25	4	—	—	"
OLIE P	F.190	59	1.90	1	6	—	—	"
OLIE P	F.200	24	4.80 B	—	—	—	—	"
OLIE P	F.220	22	15	—	—	—	—	"
OLIE P	F.240	1	33.50	—	—	—	—	"
UNIL C	F.120	3	14.50	—	—	—	—	F.132
UNIL C	F.125	5	9.50	—	—	—	—	"
UNIL C	F.130	125	5.40	55	7	—	—	"
UNIL P	F.130	11	2	10	6.20	—	—	"
EXON C	$80	10	2⅛	—	—	—	—	$75⅛
XERO C	$60	—	—	—	—	1	5¾	$56
		Feb.		May		Aug.		
BOEI C	$40	—	—	5	3	—	—	$38⅛
SLUM C	$100	4	6¼	25	12⅜	—	—	$105½
SLUM C	$110	5	1⅝	71	7¾	—	—	"
SLUM C	$120	—	—	42	4¼	—	—	"
SLUM C	$130	—	—	—	—	1	5¼	"

TOTAL VOLUME IN CONTRACTS 2578

A=Asked B=Bid C=Call P=Put

UK COMPANY NEWS

Benn Bros. falls but payment held

DIFFICULT TRADING conditions were reflected in pre-tax profits of Benn Brothers, publisher, which fell from £488,000 to £380,000 for the six months to December 31, 1980, on higher turnover of £6.46m, compared with £5.81m. The interim dividend, however, is being held at 1.1p net per share.

Tax took £187,000 (£254,000). Including this time an extraordinary credit of £85,000 from sale of publications, but after preference dividends, profits attributable to ordinary holders came out marginally higher at £196,000, against £192,000.

Earnings per 25p share were lower at 2p (2.9p) before the extraordinary item, but were unchanged at 2.9p afer the same.

The interim dividend again absorbs £74,000. Last year's final of 2.3p cost £154,000, from pretax profits of £1.03m.

Mr. Timothy Benn, the chairman, says economic conditions remain difficult but vigorous action has been taken to optimise revenue and cut down expenditure, especially in weaker areas.

The recession has affected most markets for which Benn business journals and directories are published. But the chairman comments that although below the figure for the corresponding period last year, Benn Publications' contribution underlines the profit durability of well managed trade magazines even under adverse economic conditions.

Tolleys traded with notable success and significantly increased its contribution, while revenue and profits of Farm Holiday Guides, which published its first titles under Benn ownership in November, exceeded forecast. Fire Protection and Fire Protection Directory were sold in December.

Ernest Benn incurred a further loss in conditions which continue to seriously affect the book publishing industry. The scaling down, announced in the 1980 annual report, proceeds in line with plan and will be concluded within the financial year.

Negotiations for the sale of the remaining Coombelands properties have been concluded and the final profit will accrue in the second six months. In the first half, profit of £16,000 (£84,000) on disposal has been included.

Stock appreciation relief due to be released this year, which will again be substantial, will be taken into account at the year end.

Richards fails to break even

MR. A. R. ROBERTSON, the chairman of Richards, Scottish textile manufacturer, told the annual meeting yesterday that the company did not manage to break even during the first quarter of the current financial year. And he warned that it might prove difficult to break even for the year as a whole.

But he said there was no longer any short-time working in any departments.

The current year will not, however, be any easier than the last one and he said there was no sign of any improvement in the economic outlook, especially for textiles. Sterling had appreciated by about 30 per cent against the currencies of the countries to which the company exported, and this had seriously affected margins.

Because of the recession at home and abroad, the volume of available business was generally lower than previously.

Mr. Robertson said the company's capital expansion programme was going ahead as planned, but the timing of various sections of it was being affected by the economic situation. An up-turn in trading conditions would soon restore profitability, he added.

As reported on December 5, 1980, pre-tax profits fell from £805,000 to £256,000 in the year to September 30, 1980.

Sterling Tst. improves

Gross income of Sterling Trust improved from £2.58m to £2.74m in 1980 and the dividend is stepped up from 9.1p to 9.5p with a final of 6.5p—last year's payment included a non-recurring dividend of 1p.

Debenture and loan interest amounted to £148,000 (£199,000) and after expenses of £144,000 (£119,000) and tax of £821,000 (£750,000), stated earnings per 25p share are up from 9.32p to 9.77p.

Elson & Robbins badly affected by recession

AT THE AGM of Elson and Robbins, Mr. E. R. Keeling, chairman, said the recession affecting manufacturing industry had seriously affected results for the first half of 1980/81. Sales for the first three months of the current year were down by 50 per cent.

The parent company, Elson and Robbins, and the smaller subsidiary, Hufcor Partitions, remained profitable but sales at DIP had been most severely affected.

Losses would take place here and at T. K. Webster in half year to March 31, 1981, but assuming no further deterioration in the economic climate, Board expected DIP to break even in the second half.

Current cash flow was slightly better than at the end of September.

BAT's Brazil offshoot down $9m after tax

After-tax profits of Cia Souza Cruz Industria e Comércio, British-American Tobacco's Brazilian subsidiary, fell by U.S.$9.2m to $61.9m in 1980. Sales were down from $2.7bn to $2.4bn.

In its annual report from São Paulo, the company complains that profits were inflated by the Government's arbitrary fixing of the Inflation Adjustment Index. This is supposed to revalue assets in line with rising prices, and last year it was set at 50.8 per cent, while the official inflation rate was 110 per cent.

The report says the company was also affected by price controls.

At the year-end, total assets of the company were $538m, an increase of $42m compared with the previous year. Capital plus reserves was up from $302m to $338m.

Gallaher profits rise £17.6m

Improved sales and profits are reported for 1980 by Gallaher, the Belfast-based manufacturer of tobacco, cigarettes, cigars and snuff which is wholly-owned by American Brands Inc.

The pre-tax surplus expanded from £63.2m to £80.8m and the directors say that although final-quarter profits were down from £18m to £14.6m, this reflected the launch costs of a new cigarette and reduced margins, and sales were ahead.

They add that a tobacco price increase this month will restore profit margins to their proper levels.

The surplus, which included £20.7m from non-tobacco operations, was struck after interest charges of £1.9m (£2.8m). Tax took £27.7m (£17.6m) and minorities' profits £0.3m (£0.2m). There was an extraordinary debit of £3.1m against a credit of £0.3m.

Sales went ahead from £1.62bn to £1.84bn.

Lloyd's backs U.S. broker's London plan

Arthur J. Gallagher and Company, the ninth largest insurance broker in the U.S., has received approval from Lloyd's of London for a subsidiary to carry on business in the Lloyd's market.

The subsidiary is Gallagher, Hinton and Vereker, which is a partnership between Arthur J. Gallagher and Company, which has a majority holding, Hinton Hill and Coles, an established Lloyd's broker, and Mr. David Vereker.

The partnership commenced business in December, 1974, and has a substantial overseas account of which over 70 per cent is placed with Lloyd's

Arthur J. Gallagher is the second largest privately-owned firm of insurance brokers in the U.S.

95.4% take up Sheraton rights

Acceptances have been received in respect of 95.4 per cent of the 13m shares of Sheraton Securities International offered in a one-for-one rights issue in December. The proceeds are to finance the acquisition of three properties.

Yearling bonds total £13.15m

Yearling bonds totalling £13.15m at 12¾ per cent redeemable on February 10, 1982 have been issued this week by the following local authorities.

Oxford City Council (£1m); Bromsgrove DC (£0.5m); High Peak (Borough Of) (£0.5m); North Wiltshire DC (£0.75m); Vale Of White Horse DC (£0.75m); Wansbeck DC (£0.15m); Wellingborough DC (£0.25m); Metropolitan Police District (The Receiver For The) (£0.5m); Hillingdon (London Borough Of) (£0.5m); Scarborough (Borough Of) (£1m); North Tyneside Metropolitan BC (£0.5m); Sefton Metropolitan BC (£1.5m); Tameside Metropolitan BC (£1m); Tendring DC (£0.5m); Merseyside Passenger Transport Executive (£1m); Monklands DC (£0.75m); Newport BC (£1m); Preston BC (£1m).

£1.25m of 13¾ per cent bonds redeemable on February 2, 1983 have been issued this week, comprising: Aberconwy (£0.5m); Restormel BC (£0.25m) and Waltham Forest (London Borough Of) £0.5m).

CHUBB WARDENS

Chubb Wardens of Surrey has acquired Dunelm Security Services, which has been established at Stockton-on-Tees for six years and employs 100 people. Dunelm will continue as a going concern and no redundancies are anticipated.

MINING NEWS

EZ buys more N. Broken Hill

A FURTHER 5 per cent stake in the Melbourne mining and investment house, North Broken Hill, has been acquired by EZ Industries. This brings the company's interest in North Broken Hill to 15.85 per cent following its recent purchase of the holding of Consolidated Gold Fields.

EZ paid A$4.25 (211p) per share for both parcels of stock and now holds 23.08m shares of North Broken Hill at a cost of almost A$98m, reports James Forth from Sydney.

Last month shares of North Broken Hill touched A$4.10 after the group announced a A$160m bid for a 45 per cent controlling interest in the Australian Dunlop Olympic industrial group. They have since weakened and were A$3 yesterday (154p in London).

At this price EZ is showing a book loss on its investment of about A$29m. The EZ purchase of North Broken Hill shares is viewed as defensive because the latter company, which has been the target of takeover rumours, is the dominant shareholder in EZ with a holding of 32 per cent.

Sentrust lifts interim to 40c

A STRONG half-year performance is reported by another investment company with the major part of its shareholdings in South African gold mining. The Gencor group's Sentrust is boosting its interim dividend for the year to June 30 to 40 cents (22.3p) from only 18 cents a year ago when the final was 37 cents.

Earnings for the six months to December 31 come out at R14.34m (£8m) compared with R8.34m in the same period of 1979. The total for 1979-80 was R24m; it is pointed out that investment income does not accrue evenly over the financial year.

Sentrust's net asset value at December 31 was equal to 1,443 cents (805p) per share, but this will have fallen with the subsequent general decline in share and bullion prices. The shares were 302p yesterday.

Spencer Clark hopeful outlook

IN HIS first annual statement as chairman, Mr. D. M. Howarth expresses considerable hope for future of Spencer Clark Metal Industries.

In line with the UK metal and engineering industry generally, the group's order book is low and it is involved in some short-time working and permanent employee lay-offs in some of its traditional rolling and forging activities. However, there are one or two bright spots developing in some of the smaller, but nonetheless important, group activities, says Mr. Howarth. In particular George Clark (Sheffield), the fixings company, is enjoying an improved level of turnover and profitability.

He reports that Greenwood Taylor Clark (Systems) is now making a small contribution to group profits and Lexley Metals, inaugurated in January last year, has also made a promising start.

As already known, taxable profits for the year to September 30, 1980 increased from £562,165 to £609,696 and the dividend is lifted from 2.56p to 2.7p, with a final payment of 1.6p net.

During the year to December 21, 1980 Menteith Investment Trust held 20.03 per cent of the group and Stainborough Securities 7.31 per cent. New Investment Company was interested in 10.81 per cent of the company but this investment ceased on April 8, 1980.

Meeting, Rotherham, on February 26 at noon.

FORMINSTER

H. Bronstein, director, has disposed of 300,000 Forminster shares, leaving holding 1,187,584 shares (32 per cent).

E. Youell, director, has disposed of 150,000 shares, leaving holding 302,892 shares (8 per cent).

Phelps Dodge profits fall

BY GEORGE MILLING-STANLEY

FOURTH QUARTER and full-year earnings of Phelps Dodge, the second largest copper producer in the U.S., have been badly hit by the three-month strike of copper workers. The strike closed the company's Arizona copper mines and smelters and its El Paso refinery between July 1 and October 8.

Net profits for the fourth quarter were 23 per cent lower at $28.9m (£12m) or $1.34 a share, which brought the full-year total to $91.3m or $4.20, a fall of 17.6 per cent.

These figures would have been even lower but for the $18.4m net proceeds of the sale to Swiss Aluminium of Phelps Dodge's 40 per cent stake in Consolidated Aluminum (Conalco).

One bright spot for the company is that its uranium operations produced a pre-tax profit of $6m in 1980, after a $13.7m loss in 1979.

The company's share of the earnings of the 49 per cent-owned Black Mountain copper-silver-lead-zinc mine in South Africa's Northern Cape amounted to $3m in the project's first year of operation.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether dividends are interims or finals

TODAY

Interims: Apex Properties, Christie-Tyler, M.I. Holdings.

Finals: Aaronson Bros., Beaumont Properties, Blundell-Permoglaze, IDC, Lonrho.

FUTURE DATES

Interims—	
Ariel Industries	Feb. 26
Centrovincial Estates	Feb. 12
Impala Platinum	Feb. 17
Martin (R. P.)	Feb. 9
Pullman (R. and J.)	Feb. 27
Finals—	
Arden, Cobden and Norfolk Hotels	Feb. 11
Crouch (Derek)	Mar. 5
Koda International	Mar. 5
Tribune Investment Trust	Feb. 12

Australian gold mines advance

BOOSTED BY the strength of the gold price in the period, net profits of Australia's Kalgoorlie Mining Associates for the six months to January 6, 1981, are one-third higher at A$17.59m (£8.7m).

KMA operates the Mount Charlotte and Fimiston gold mines on Western Australia's Golden Mile.

A decrease of 17 per cent in the amount of gold produced was more than offset by a 51 per cent rise to A$544 per ounce in the average price realised per ounce. At Mount Charlotte, the major producer, the gold grade fell to 3.58 grammes per tonne from 4.35 grammes.

Kalgoorlie Lake View, which holds 52 per cent of KMA (with the remainder in the hands of Homestake Mining of the U.S.), turned in a 30 per cent increase in net profit for the same period. Profits were A$8.98m, with the KMA stake contributing a gross A$9.15m.

Gold Mines of Kalgoorlie and Poseidon each have 47 per cent of KLV, with the remaining 6 per cent held by Western Mining. GMK yesterday reported net profits for the half-year ahead by almost half to A$4.73m. The interim dividend is raised to 12.5 cents from 5 cents last time.

GMK shares put on 15p to 355p in London yesterday.

CHROME VENTURE IN PHILIPPINES

America's Amax and Japan's Kawasaki Steel will purchase interests of 15 per cent within the next few months in a Philippines sand chrome project, according to a spokesman for Kawasaki.

It is reported that they will be the first foreign companies to take holdings in Philchrome Mining which has begun tests on sand chrome deposits in the southern part of Palawan Island. Mining operations are expected to start soon and an annual output capacity of 20,000 tonnes of refractory grade metal is envisaged.

The mine's production will be sold to Japan, the U.S. and other unspecified countries for refractories and the production of ferro-chrome.

MEEKATHARRA

Meekatharra Minerals is to begin a A$900,000 (£448,000) drilling programme on its Arckaringa Basin coal areas in South Australia later this month, according to the latest quarterly report. The latest estimate of assumed reserves in the area is 2.4bn tonnes, up from 1.5bn tonnes in the September quarter.

AMAL TIN OMITS ITS INTERIM

Reflecting lower tin prices and rising costs, Amalgamated Tin Mines of Nigeria has turned in a net loss for the half-year to September 30, 1980, of £162,000, compared with a loss of £7,000 last time. No dividend is declared, compared with two interims totalling 6p in 1979/80.

ROUND UP

The Australian - Canadian exploration group, York Resources, intends to make a placement of 2.3m shares of 20 cents Australian at a premium of A$1.30 (64p) and to change its name to Copconda ... York Resources. The shares will be placed with Archean Oil (2m), Sydney brokers Lamploughs (150,000), London's De Zoete and Bevan (100,000) and Canada's Donald Deacon (50,000).

More problems at Strata's third Woodada well

The Woodada No. 3 well drilled in the Perth Basin of Western Australia continues to encounter mechanical difficulties.

The well is the third drilled on the Woodada field which produced natural gas at rates in excess of 30m cubic feet a day from each of the Woodada 1 and 2 wells.

The field is owned as to 65 per cent by Hughes and Hughes of Texas, 26.95 per cent by Strata Oil, and 1 per cent by Mincorp. The UK-registered Hampton Trust is currently engaged in an attempt to purchase a 3.5 per cent interest in the discovery.

In the latest weekly progress report Strata says the well was perforated over three intervals, production tubing run, and a "christmas tree" installed. A "christmas tree" is a device to release and control gas and oil production.

Due to heavy mud losses into the reservoir during drilling the well flowed only weakly when opened. A swabbing operation (a lifting device to bring well fluids to the surface when the well does not flow naturally) was undertaken but the swabbing gear was lost in the well.

The operators are currently engaged in trying to recover the lost part. The well flowed small amounts of gas and "very minor" oil cut drilling fluid during swabbing.

Meanwhile, in the quarterly report to December 31, released on Monday, Strata says the Woodada No. 4 well is being prepared for drilling and that a production flare test was completed on the Woodada 1 and 2 gas wells. The No. 1 well was flared for 72 hours and the No. 2 for 24 hours. Data is presently under study by the operator, Hughes and Hughes.

* * *

The Bermuda-based international natural resources group, Weeks Petroleum, is planning to resume drilling again in October this year on the 27,000 square mile concession off the coasts of Japan and Korea if suitable drilling equipment can be obtained.

Weeks has already drilled one well on the concession which indicated large amounts of gas present.

A large number of structures have been defined by seismic and Weeks expects an exploratory programme extending over a number of years will be necessary to fully evaluate the area.

In the exploration report for the quarter ended December 31 the company also says no further wells were drilled on the North Cowpen Creek field in Louisiana, owing to the scarcity of drilling rigs, but that at least two wells will be drilled during the current quarter.

As many as six additional wells are expected before the field is fully developed. Weeks' interest in the wells varies from 30 to 39 per cent.

During the quarter Weeks applied for exploration rights or licences in areas off the coasts of Spain and Botswana and is preparing to make applications in other countries.

Total unaudited exploration and development expenditures by the Weeks group during the period amounted to A$1.081m (£537,500), while the company's royalty and working interest share of production was 510,684 barrels of crude oil, condensate and liquids and 436,830m cubic feet of natural gas.

● STARWEST BID FOR HAWTHORN LESLIE

Private investors hold the trump card

BY REG VAUGHAN

R. and W. Hawthorn Leslie has been a household name in Newcastle-upon-Tyne for over 160 years. So it is fitting that its future is likely to be decided by its large body of local shareholders who have retained their links with the company since its marine engine and shipbuilding interests were nationalised in 1977.

Hawthorn has survived as an independent company from 1817 when it was founded by Robert Hawthorn, a millwright from the pithead. Now the company—reborn as an electrical and engineering company after 1977—is facing a takeover bid from Starwest Investment Holdings, a family-owned private investment company founded by Mr. Remo Dipre in 1960, which has housebuilding and electrical interests.

Hawthorn is bitterly opposed to the 130p cash bid, and the battle lines have been drawn through claims and counterclaims in circulars from both sides to shareholders.

Starwest obtained a head start in the race by acquiring, to the apparent dismay of the Hawthorn board, a 35 per cent stake in the company by way of a "put through" purchase in the Stock Market on December 18. Starwest has since increased its holding to 41.5 per cent. But with the Hawthorn share price consistently above the bid price Starwest has been prevented from adding to this tally by purchases in the market.

To the embarrassment of the Hawthorn board, Starwest's purchase of its original stake—acquired from the G.T. Management and Gartmore investment management groups—was conducted through Walter Walker, a stockbroking firm with two associate directors who were also on the Hawthorn board. One of the associates has since resigned from the Hawthorn board.

Ranged against the Starwest offer is the board's 9 per cent holding, backed by the substantial weight of a 24.6 per cent stake by the M and G Group which has said that it intends to reject the bid. Prudential Corporation, the other institutional holder, has yet to make up its mind on the position of its 7.7 per cent shareholding.

The balance of around 17 per cent of the company's shares are in the hands of some 1,000 small shareholders, often with around 100 to 200 shares. These holders are predominantly resident in the North-East.

It was not until two years after nationalisation that the group received the full compensation, which amounted to a total of £3m—a figure which Mr. Keith Chapman, a group director and now chief executive, described at the time as "better than expected."

Hawthorn wasted no time in adapting itself to its new image and within hours of finalising the compensation terms completed the purchase of two small private engineering companies—Jedmond and Flash Fasteners—for £800,000. This move was accomplished despite opposition mounted by Mr. Tom Scrase (senior partner of Gittins and Co., stockbrokers) through Davis Investments, his Jersey-based investment company. Mr. Scrase had urged shareholders to reject the acquisition plan in favour of finding a bidder interested in Hawthorn as a cash shell.

The offer is 'without merit, inadequate and opportunist'—Hawthorn

Then in March 1980, the company changed direction again with the purchase of British Central Electrical, an electrical wholesaler, for £1.5m.

Hawthorn says the Starwest offer is "without merit, inadequate and opportunist." Its opposition centres on a basic suspicion about the motives behind the offer, which Hawthorn says is without commercial logic.

Hawthorn has also drawn shareholders' attention to Mr. Dipre's other two "opportunist" bid attempts in the past couple of years both of which were unsuccessful after strong opposition from the companies involved.

In June 1978, Starwest initiated a bid for Tridant Group Printers and despite lifting its price twice the company was won by British Electric Traction a couple of months later. Starwest then attempted a side deal with BET to acquire the specialist publishing side of Tridant. At the insistence of the Take Over Panel this deal had to be put to former Tridant holders who voted it out.

In September 1980, Starwest launched a bid for housebuilder Gough Cooper after acquiring 29 per cent in a "dawn raid" earlier in the year. This offer was resisted by the Gough board which a month later agreed terms with Allied London Properties.

Starwest is particularly interested in Hawthorn's electrical business. In its offer document Starwest says it intends to continue Hawthorn's activities as separate units with existing management and name and there would be no redundancies.

Hawthorn, which still has surplus cash for investment, has committed itself to further acquisitions in the electrical wholesaleing field.

In the year ended June 30, 1980, profits of Hawthorn advanced from £199,274 to £409,402. The company has already said that the first half of the current year will be disappointing but signs are that there will be an improvement in the second.

The Starwest terms value Hawthorn at £3.5m which compares with net assets at June 30, 1980, of £2.9m.

Hawthorn said it has received no approaches from any other parties so it is just a straight fight with Starwest. The company said "we are not seeking offers, we want to remain independent."

The Starwest offer closes on February 9.

Poor prospects for Irish Distillers

It seems certain that Irish Distillers Group will have to introduce short-time working in certain areas, states Mr. Frank O'Reilly, chairman, in his statement accompanying the annual report and accounts.

As reported on December 18, the group's pre-tax profits fell from IR£8.83 to IR£6.3m in the year to September 30, 1980, and the chairman says he can see no prospect of the months ahead being any easier.

On a current cost basis, the surplus is shown as £3.57m (£6.1m).

Meeting, Dublin, February 19 at noon.

Receivers for Banita Sisal

Mr. Guy Parsons and Mr. Bill Ratford, partners in Peat, Marwick, Mitchell & Co., have been appointed receivers and managers of Banita Sisal Estate and three associated companies. The companies estates are located in the Upland region of Kenya, some 100 miles from Nairobi.

Its sisal plantations produce sisal fibre, which is used in manufacturing processes including rope making and the carpet industry.

The joint receivers are allowing the companies to continue to trade with a view to selling the business as a going concern.

ATLANTIC ASSETS TRUST

Atlantic Assets Trust repaid a $3.1m loan from the Royal Bank of Scotland on January 30.

Losses at Yorkshire Fine Woollen Spinners worsen

LOSSES AT Yorkshire Fine Woollen Spinners worsened in the 12 months to end-December, 1980, the pre-tax figure advancing from £56,000 to £201,000. Sales for the period were marginally higher at £3.96m, compared with £3.82m.

At the interim stage, the Huddersfield-based group which is engaged in spinning and dyeing and the finishing sections of the textile industry, reported a pre-tax loss of £83,514, against a profit of £35,515.

The deficit for the year was struck after interest charges, which rose by £100,000 to £214,000, and included a trading loss at Allen Thornton and Sons, the dyeing and finishing subsidiary, of £107,000 (nil). This company has now been sold.

There is no dividend for the year — previously, the company paid an interim of 0.5p net but omitted the final.

After a tax credit of £45,000 (£95,000) there was a loss per 20p share of 23.03p, compared with earnings of 2.13p.

Extraordinary debits amounted to £110,000 (£4,000).

Although it is too early to forecast the level of dividend which may be recommended in the current year, the directors are looking to provide an acceptable return to shareholders as soon as practicable. With confidence in the prospects of the enlarged group for 1981, they hope such a return will be provided this year.

Terms of the rights issue to help finance the purchase of A. W. Fabrics from the receiver of Cope Sportswear, announced on January 9, will be two 11 per cent convertible preference shares of £1 each at par, for every five ordinary held. Conversion will be during the month of May in the years 1981/88.

Vectis–outlook cautious and advance unlikely

Although the benefit of a full year's contribution from Columbia Products will help to offset the adverse effect of any reduced public authority spending, it would be unreasonable to expect group profits to exceed those of last year, Mr. Alford Collins, the chairman of Vectis Stone Group, tells shareholders in his annual report.

However, he says every effort will be made to minimise the anticipated problems of 1981 to produce the best possible results.

Columbia Products, an Isle of Wight-based toiletries manufacturer, was acquired at the beginning of 1980 in a deal worth just over £1m.

As already known, taxable profits of Vectis Stone building products and services, fuel distribution and toiletries group, improved in the year ended September 30, 1980, from £676,000 to £815,000, and the total dividend was stepped up from 1.45p to 1.8p net with a final payment of 1.2p.

At year-end, shareholders' funds totalled £3.13m (£2.54m). Bank overdrafts were £64,000 (nil) and bank balances and cash £51,000 (£168,000). On a CCA basis, historical profits are reduced to £500,000. Meeting: Isle of Wight, February 26, noon.

Interim loss for Ratcliffe Industries

On declining sales of £786,166 against £1.02m, F. S. Ratcliffe Industries has sunk into loss for the first half to October 31, 1980, with a pre-tax deficit of £89,866 compared with a profit of £83,469.

The directors of this precision spring manufacturer and painting contractor are omitting the interim dividend — last year's midway payment of 1p net was followed by a final of 4.25p from 12 months' profits of £193,224 (£106,288).

The first-half loss includes depreciation of £21,052 (£20,157) and interest charges of £6,686 (£6,506).

After a tax credit of £45,750 (£44,000 charge), the loss per 25p share is shown as 5.55p (4.96p earnings).

Kakuzi's 'grave warning' over coffee prospects

In its interim report for the year to the end of February, Kakuzi, tea, coffee and sisal planter, says that although current and prospective coffee yields indicate all estates are in prime condition for optimum production, it must issue "most grave warnings" so far as marketing is concerned.

The quota granted to Kenya by the I.C.O. implies that thousands of tonnes of coffee will not be sold or shipped within the quota year, say the directors.

In addition, there is no information available as to how growers are to be paid on delivery of early 1981 crops to the mills. All major banks have indicated they have no funds to assist estate growers, many of whom have already reached the limit of their resources.

Because of the serious financial implications, planting and development of sisal, in which the market remains depressed, will be suspended until the future becomes clearer.

Despite poor rainfall, production of the Siret Tea Company has remained high and is only slightly below target.

The directors say they will issue a further interim statement prior to production of the annual report and accounts.

HOWARD & WYNDHAM

Howard and Wyndham has purchased for £700,000 the 10 per cent unsecured loan notes 1989 issued by a subsidiary and guaranteed by the company. Principal amount of the notes purchased was £1,354,000.

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Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Precise measurement of components

TWO advances in non-contact height and depth measurement made by Mondo Machine Developments are claimed to be of special significance in the precise measurement of soft or flexible workpiece as well as more rigid components. Both developments depend on a novel method of applying the principle of two beams of light meeting only at a single plane.

By projecting an angular beam of light and an arrowhead image on to the surface to be measured, and aligning the image with a graticule, a precise location of the surface in the vertical plane can be obtained. Repeating the process for a second workface or step height enables the linear separation of the two to be defined within 10 microns.

The first of the two developments, known as the Mondo Optiprobe, is an optical non-contact height gauge with a granite table, a rigid column carrying the optical head, a means of projecting the incident light beam, and a digital display unit showing a direct reading of particular step heights. The sum of the steps can be called up at will. It is claimed that a bore only 1.5 mm in diameter can be checked to a depth of 12 mm.

By adapting the optical head of the Optiprobe and applying to it the Mondo Vero Check two-dimensional optical measuring machine, the company has produced what is believed to be the first three-dimensional non-contact device capable of measuring such fine accuracies. The Vero Check operates on a stereoscope principle which permits the intersections of tapers or angular faces to be precisely registered.

A third development, also to be exhibited on Stand 2038 at this year's Impex, is a projection head for the Vero Check which not only provides for the use of overlays, templates and masters for profile checking but also allows the surface to be seen even more clearly than with the standard head, Mondo claims.

Details from Mondo Machine Developments, 345 Saffron Lane, Leicester (0533 834878).

Shaping up for the custom chip market

BY GEOFFREY CHARLISH

FOLLOWING ITS recent purchase of ISO-CMOS technology from Mitel (the Canadian semiconductor and communications company), The General Electric Company is now re-structuring its semiconductor activity to meet a world market in semi-custom chips which it expects will reach $100m by 1981 in terms of design alone, translating into perhaps $400m of production.

A new company has been formed called Marconi Electronic Devices (MEDL) centred on Lincoln and will bring together AEI Semiconductors (Lincoln), GEC Semiconductors (Wembley) and the thick film activity of Marconi Space and Defence Systems at Portsmouth. Total staff count will be 1,000 and turnover is expected to top £20m in the first year rising to £50m by 1984.

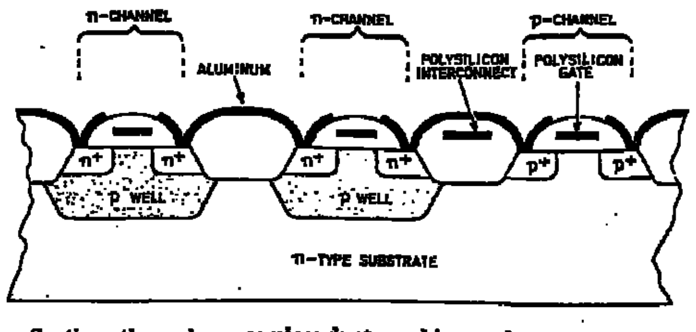
MEDL will also embrace the recent GEC acquisition, Circuit Technology of New York, although this company will continue to trade under its own name.

Although MEDL will continue to offer the power microwave and hybrid devices of its previous constituent companies, main growth is expected from the new custom-designed circuits.

Above, left, Mr. A. Sadler, managing director of Marconi Electronic Devices and, right, Mr. C. P. Turner, joint assistant managing director.

Mr. Bert Sadler, managing director of MEDL, would not disclose what GEC has paid for the Mitel technology except to indicate that it was "in the hundreds of thousands of pounds bracket." But he emphasised that there was no way in which UK technologists could have got to the same point quickly enough. The purchased technology has five micron element spacing but Sadler pointed out that MEDL was at liberty under the licence "to improve the packing density and thus the cost per bit; in fact work has started at Hirst Research Centre, Wembley, on reduction to 3.5 microns and should shift into MEDL during 1982."

He also pointed out that although MEDL will supply GEC internally "we will have to fight to get the business." Main purpose of the company was to offer a service to industry—a means by which relatively small companies in Britain can apply chip technology to their products.



Section through a semiconductor chip made in the ISO-Cellmos technology. Advantages include speed of design (minutes rather than months), higher density, high operational speed and a cost of about a halfpenny per gate.

During this year alone MEDL will be spending over £5m—about £2m on 100,000 sq ft of new building, over half of which has already gone up, and £3m on production and design equipment, most of it from the U.S. Purchases include a £300,000 Applicon CAD system and design software packages have also been purchased in the U.S.

The Applicon VLSI interactive graphics system has four terminals and 200 megabytes of storage, with colour ink-jet plotters. Together with an uprating of the GEC computer at the centre, these developments will allow use by some 25 semiconductor design engineers. For checking on design, electrical and network rules a Digital Equipment VAX 11/780 is also being installed with 1.5 megabytes of on line memory.

At MEDL, the Mitel ISO-CMOS basic semiconductor technology has been combined with GEC's existing automated custom design facility known as Cellmos. The resulting product is being called ISO-Cellmos.

ISO-Cellmos will allow the customer's engineer to design his own circuits, drawing on standard cells, placement routines, automatic connection and other routines and data held on a common data base.

Chris Turner, an assistant managing director of MEDL claims that the service the company is now offering "marks the end of the breadboard."

He makes the point that the day is now virtually passed when a designer could hope to do a "mock-up" to see if the system will work. Design and full testing of the product "in the computer" was now the only only sensible way to proceed.

He believes that designers in companies that make, or are considering making products such as hand-held themometers, multimeters and a host of other products that will soon need "brains" to keep up with the competition, are still "too frightened" of large-scale integration. "At MEDL," says Turner, "we will fully involve the customer."

The company is evidently serious in the long term about these custom designed circuits. States Bert Sadler: "GEC is fully committed. We shall go on through the 3.5 micron barrier, and beyond."

Computer gets its orders in writing

NOW YOU can give a computer instructions simply by writing to it!

The latest "electronic notepad" designed to allow users to put data into a computer in ordinary handwriting has the novel feature that it can be programmed for new uses by writing instructions on the writing tablet itself.

Called "Telepad," from CTS Recognition, the system is the third of its kind in a field peculiarly dominated by the British.

The first was "Datapad," a minicomputer based system from Quest Automation which became the "Micropad" as microprocessor technology advanced. Image Data has developed a somewhat similar system.

The Telepad has some unusual features, handwritten programming apart. The writing tablet can accept documents as large as foolscap or as small as a postage stamp. An array of sensors beneath the tablet detects low frequency sine waves from the special pen used for writing on the tablet—these signals are converted by the microprocessor in the device into conventional character codes suitable for input to telex, word processing or computer systems.

This means, incidentally, that the machine will work through solid objects.

All the handwritten data entry systems have been designed around preformatted documents with particular areas set aside for specific information—order numbers, client information and so on.

The system has to be programmed for each form. With the Micropad for example, Mr. Rodney Dennis of Quest explains that a new program would have to be created by an applications programmer if the customer wanted to use a new design of form.

Where Mr. John Bendall, managing director of CTS, claims an advance is that within clear limits a new forms design can be programmed into the Telepad simply by writing instructions on the tablet itself.

The company is backed by ABS Computers of Woking, the writing tablet was developed at Salford University and Cranfield Institute of Technology wrote the software. It costs £1,900. Micropad costs £1,295. CTS is on 01-734 8826; Quest on 0202 891516; Image Data on 0272 40248.

ALAN CANE

Telepad in action: the special pen is disguised in a "Parker" housing; the display screen is at the top.

NEWS IN BRIEF

'FINDING IT'

INDUSTRIAL SHOPPING by mail is the concept behind a mail-order organisation offering equipment to purchasing officers, works managers and others in the market for industrial equipment.

Promising a speedy ordering system combined with nationwide delivery from a wide stock of the 300 or so industrial items that are most generally in demand is the Stokvis Stokshop, which can be contacted at Pool Road, East Molesey, Surrey.

MAINTENANCE

PROMISING TO obviate damage or waste of time involved in removing radiators for decorating or cleaning the space behind them is a radiator drain valve offering a simple draining facility that does not involve emptying the parent system or interfering with the heating arrangements.

Radiator valves are simply closed, isolating the radiator from the rest of the system, then the cap is removed from the drain outlet and the water captured in a suitable receptacle placed beneath the outlet.

Alternatively, a length of tube, say about 10mm in diameter, may be pushed on to the outlet and fed to an adjacent bowl or bucket.

Special quality of the device is that the exit flow of water from the radiator will not commence until the air vent at the top is opened, allowing the air inflow to create the necessary pressure for draining to commence.

Closing the air vent immediately terminates the outflow from the drain valve should this become necessary.

The product has been designed to operate exclusively with Conex, Con-rad or Conet radiator valves.

More from Conex-Sanbra on 021 557 2831.

FLOW CONTROL

A RANGE of fluid diverter valves designed to maintain a continuous flow when switching a fluid from one piping circuit to another has been introduced by Link-Hampson, 5 Bone Lane, Newbury, Berks (0635 44796). Known as Hayward diverter valves, they are available in sizes from 1.5 in to 6 in.

To meet the needs of process plant a choice of metals is available. The valve bodies can be supplied in cast iron, carbon steel or 316 stainless steel, while the diverter plugs are available in cast iron, bronze or stainless steel. The operating pressure capacities vary according to the metal used, cast iron being 125 lb, carbon steel 150, 300 or 600 lb, and stainless steel 150 lb.

METALWORKING

ACCORDING to De Beers many widely used hard ferrous metals, traditionally accepted as difficult or even impossible to machine economically, are now being conquered by an ultra-hard polycrystalline tool material based on cubic boron nitride.

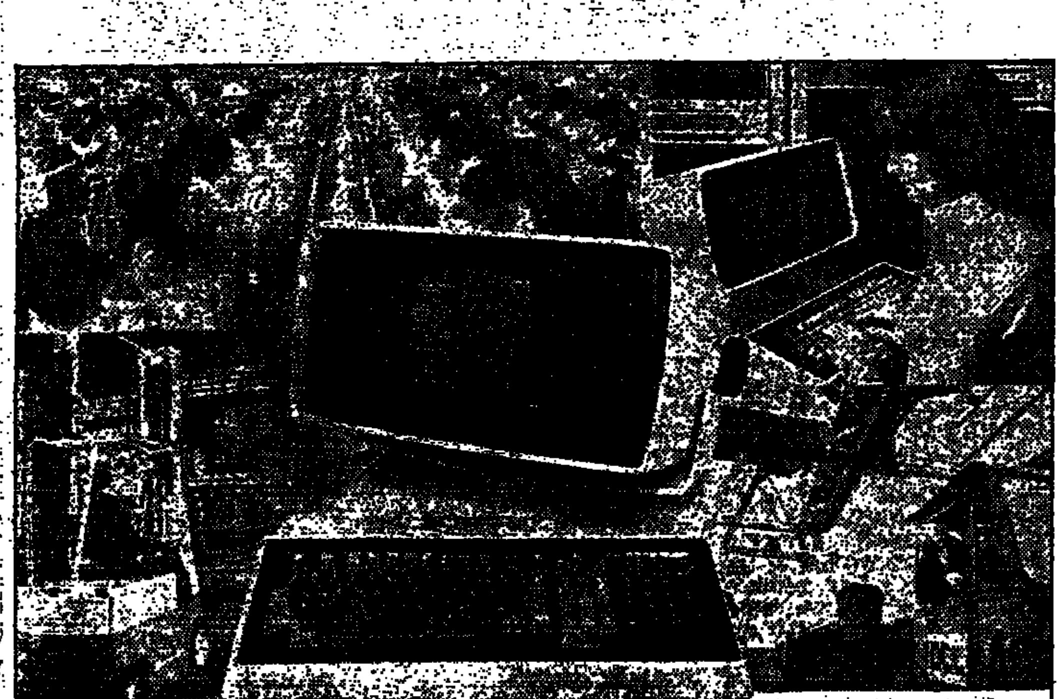
The material, Amborite, is significantly harder than either tungsten carbide or aluminia-based ceramic equivalents and it has been found to excel in the machining of hard brittle cast irons as well as hardened forged steels and fully hardened tool steels, says De Beers of Charters, Sunninghill, Ascot, Berks SL5 GPX (0990 23456).

ADHESIVE

A MULTI-PURPOSE adhesive for the woodworking industry has been introduced by Sonneborn and Rieck, Jaxa Works, Peregrine Road, Hainault, Ilford, Essex (01-500 0251), which claims that it is suitable for use with roller, brush or spreader.

Known as SR-111, the adhesive is a one-part emulsion co-polymer intended for joining wood to wood, including wood-based substrates such as plywood, chipboard and hardboard, wood to paper and paper foils, and wood to high-pressure laminates such as Formica and Warerite.

It is claimed to be unusual in that its self-inducing thermo-setting properties produce bonds which are resistant to boiling or cold water and weathering. Setting is said to be rapid under both hot and cold press conditions and the material is suitable for radio frequency curing.



Steel industry results surprise Wall Street

The outlook for the U.S. steel industry is hardly cheerful despite an encouraging close to 1980. Ian Hargreaves reports

THE STEEL industry provided Wall Street with its single most pleasant surprise when it produced its fourth quarter results, with most of the leading companies bouncing back from the largely unprofitable depths of the second and third quarters.

For the steelmakers, the final quarter salvaged what had looked likely to be a disastrous year, turning it into a merely mediocre one. U.S. Steel, especially, delighted investors by putting its heavy losses of 1979 behind it and celebrating the New Year with an increase in dividends.

Wall Street, like everyone else, misjudged the state of the economy in the closing weeks of 1980. It had looked certain at the time that high interest rates were killing economic growth. Indeed, there was a downturn in car sales from mid-November to support this thesis. Yet some other steel consuming sectors continued buying heavily—a trend which surfaced in Government statistics showing that durable goods orders rose a sprightly 1.9 per cent in December.

The steel industry always makes money in a good economy—steel demand grows by 3 per cent to 6 per cent, depending upon the level of steel stocks, for every 1 per cent rise in real GNP. So, by the end of the year, some companies were operating at near peak capacity. Jones and Laughlin, the number three steelmaker and part of the LTV group, operated at 89 per cent of capacity in the final quarter. The industry average for December was a respectable 77.8 per cent.

But the most likely outcome is that 1981 will be another mediocre year.

But none of this has exactly reassured the industry about its prospects in 1981, with leading steelmakers forecasting domestic shipments for the year of between 84m and 94m tons, compared with 84m tons last year.

The more pessimistic steelmen are betting that higher interest rates are here for some time, producing a flat first half and weak growth in the second half. More optimistic forecasts rely upon the argument that Mr. Ronald Reagan's tax cuts will stimulate consumer buying, particularly of cars.

This means that for the most part capital spending is being held tight at last year's reduced levels. Most of the steelmakers shaved their capital budgets last year and both Bethlehem and National have said that this year they expect to do no more than maintain existing plant. It goes without saying that the industry is still far short—about $5bn to be precise—of generating the $6bn a year in profits it says it needs to revitalise itself

In this respect little has changed in the past year. The industry's profit margins are low, it is still burdened with very large spending requirements to meet pollution laws and so far there has been no sign that the market share of imports can be cut from the 16 per cent of last year, which was up from 15.2 per cent in 1979.

But the industry has more hope and its leaders have voiced strong optimism that the Reagan Administration will give them a better deal than did President Jimmy Carter.

The industry wants three things from Mr. Reagan:

● Effective policing of the trigger price system on imported steel and especially of the anti-surge provision in trigger prices and in a similar system for protecting the special steel industry. Although details of the anti-surge system have been deliberately kept vague, it is in the minds of the steel importers a potential quota system which will restrict importers to about 15.2 per cent of the market.

● Speedy implementation of pro-business fiscal changes designed to shorten permitted depreciation periods and enhance the ability of steel makers to generate capital for re-investment.

● A reduction in the scope of the pollution laws.

Despite the optimism, there are a good many ifs and buts in this list, especially on the question of imports. The steelmakers claim however, that the trigger price system, reinstated last autumn, is at least helping them to price their products more aggressively. They say that a 5.5 per cent price increase for flat rolled products at the end of last year had held better than they had dared hope, and that a 7.5 per cent increase in structural and plate prices due in March looked as though it might follow suit. But the price increases were also in part responsible for surges in demand as customers rushed to beat the increases.

In the longer run, unless there is a very large increase in demand or a significant drop in capacity, it seems unlikely that the steel industry can pass on its costs in key areas such as flat rolled steel, mainly used by the motor industry. When vehicle demand recovers, the cars being produced will use less steel.

Mr. Dennis Carney, chairman of Wheeling-Pittsburgh, one of the weakest financially of the top 10 steelmakers, said in his year-end statement that "indiscriminate price cutting has been, and still is, suicidal."

The result has been that importers have more or less abandoned the Great Lakes area flat rolled market, but according to steelmen this has not eliminated price cutting. The most guilty party, some say, has been Ford Motor Company, whose steelmaking capacity places it inside the top 10.

Because Ford Steel's financial results are wrapped up into those of the parent company, no outsider knows at what cost this strategy has been pursued. But it has led to rumours that Ford may be preparing to sell its steel division.

There are three members of the top 10 whose future is not certain: Ford, Wheeling-Pittsburgh and Kaiser Steel.

Ford and Wheeling share the same problem of being bound to the weak motor and appliance industries for most of their sales. Mr. Carney has made it clear that he is prepared to sell to foreign interests if he can get the right terms. The problem is that Wheeling's plant is largely outmoded.

For Kaiser, the problems are those of poor location and deteriorating supplies of iron ore. Kaiser talked to Nippon Kokan and LTV last year about a possible merger, but both concluded that unless the production process was switched to scrap-devouring electric arc steelmaking—there is an abundance of scrap in California—the project could not work. Kaiser suffers because its chief competitor is imported Japanese steel.

So, the conclusion that most steelmakers privately hold is that 1981 will be another year of big cutbacks in the industry's capacity, and with 12 per cent of U.S. steel still made by the energy wasteful open hearth process, there is quite a deal of obsolescence to cut back on. In 1980, 2m tons of capacity went

In short, the industry is still longer on promise than performance. Its dreams of the 1970s of being able to build wholly new integrated steelworks are as far away as ever as the promised world shortage of steel — forecast now by some experts for 1983-84—is still not much more than a mirage.

HOW THE STEEL GROUPS FARED

	1980 sales (1979) $bn	1980 net income (1979) $m
U.S. Steel	12.5 (12.9)	504.5 (293)*
LTV Corporation	8.01 (8)	128 (173)
Bethlehem	6.74 (7.14)	121 (276)
Armco	5.7 (5.03)	265 (249)
National Steel	3.9 (4.3)	83.8 (126.5)
Republic Steel	3.8 (4)	51 (121.2)
Inland Steel	3.3 (3.6)	29.7 (131)
Wheeling-Pittsburgh	1.05 (1.24)	14.6 (49.7)
Kaiser Steel	0.93 (0.97)	191.5 (46.8)

* Loss.

INTERNATIONAL CAPITAL MARKETS

Dollar Eurobonds again weaker

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

DOLLAR EUROBONDS posted average losses of ½ points yesterday, but the market closed in a more optimistic mood than has been seen for several days.

The U.S. bond market appears to be absorbing this week's large Treasury financing package better than expected and dealers hoped that the gains recorded in New York early yesterday could soon bring prices higher in the Eurobond market.

Sterling issues were in demand in line with the trend in the gilt-edged market on hopes of a cut in the UK Minimum Lending Rate.

Leading Swiss banks have decided to refine their techniques for handling new issues in an attempt to prevent the type of sharp falls in the after-market that have now occurred with five successive bonds.

The terms of each new bond will be set much closer to the cut-off date for subscriptions so as to bring them closer into line with prevailing market conditions. At the same time the major banks are also to make their quota system for allocating new bonds more flexible so that unplaced bonds should no longer be dumped in the secondary market.

Separately the Swiss National Bank has asked the banks to provide a confidential calendar of new issues designed to help ensure an orderly flow of new loans.

Swiss franc foreign bonds were mixed yesterday but DM issues remained under pressure, shedding a further ¼ point.

In the guilder sector, MacMillan Bloedel is raising Fl 40m though a private placement of seven year notes with a coupon of 11 per cent and issue price par through Pierson, Heldring and Pierson.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12. Closing prices on February 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¼ 88	75	97	97½	−0¼	−0¼	13.88
CECA 11½ 88	100	91½	91⅞	−0¼	+0¼	13.33
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
SOFTE 5¼ 89 EUA	40	87⅞	88⅝	+0⅞	+0¼	10.47
U. Bk. Nrwy. 9½ 90 EUA	18	98⅞	99⅞	0	+0⅛	9.60
Bk. Mees & H. 10 85 Fl	75	100	100½	+0¼	−0½	9.89
F. G. Hypo 9¾ 87 Fl	60	94	94½	+0¼	+0⅞	11.00
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

Property sale lifts Pan Am

By Our New York Staff

PAN AMERICAN World Airways, one of the top five U.S. airline companies, reported fourth quarter earnings of $197m as a result of the sale of its New York office block. The sale produced a gain of $294.4m for the troubled airline.

In the fourth quarter of 1979, Pan Am posted a loss of $12.9m, which with the merger of National Airlines rose to an overall total of $40.7m. Per share profits were $2.77 against a 57 cents loss, while revenues for the final quarter were up from $815.8m to $856.4m.

For the year, Pan Am reported a profit of $80.3m or $1.13 a share, again reflecting the gain from the sale of its Manhattan building. The comparable profit for 1979 was $5.5m, or 8 cents a share, with National contributing a $70.6m loss. Revenues were $3.55bn against $3.17bn.

Pan Am, which continued to suffer last year from the problems associated with the National merger, said that the improvement in airline operations it had hoped for late in 1980 did not materialise, largely because of the general problems facing the U.S. airline—declining traffic, high fuel and personnel costs and an inability to offset these factors with higher fares, particularly in international markets.

Results in 1980 were adversely affected by a provision of $11.4m for employee severance costs, $7m for losses of the sale of aircraft and $3.4m for losses on investments in Afghanistan and the Pacific.

Continental Airlines loss

By Our New York Staff

CONTINENTAL AIRLINES, the Californian airline company currently discussing a merger with Western Airlines, reports increased losses in the fourth quarter of last year of $15.1m, compared with a loss of $10.7m in the corresponding 1979 quarter.

The company, which said its final quarter results were hit by a 16-day strike by flight attendants in December, thus incurred a loss of $20.7m for the whole of 1980, compared with a loss of $13.2m the year before.

Korean Euroloan

Three banks, Bank of America, Chase Manhattan and Sanwa Bank have been awarded a mandate by Korea Electric Company to raise a $200m Euroloan with a maturity of 10 years, writes Francis Ghiles. The borrower will pay a spread of ⅝ per cent over the interbank rate. Terms are much in line with those on the Korea Development Bank's $600m loan last autumn. The funds are earmarked for two nuclear power reactors to be supplied by Westinghouse Electric Corporation.

Greyhound sees growth after profits dip

BY DAVID LASCELLES IN NEW YORK

GREYHOUND CORPORATION, which operates the largest bus company in the U.S. and several other concerns, had a dip in earnings last year, but said this was largely because the previous year had been exceptionally good.

Mr. Gerald Trautman, chairman, said the company was turning in a consistently steady performance, and maintained that barring major dislocations, 1981's profits would be better than 1980's.

Net income in 1980 was $118.3m or $2.67 a share, down from $123m or $2.80 in 1979. Revenue rose from $4.7bn to $4.8bn. In the final quarter, Greyhound earned $33.2m or 75 cents, a dip of nearly 10 per cent from the $37.7m or 86 cents.

Greyhound has been trying to balance its bus business with financial and leasing services, and consumer products. But it has been plagued by problems at its Armour meat processing subsidiary. The company also lost its new president, Mr. Robert Swanson, last year, only eight months after he joined.

The company said its Armour subsidiary was profitable in the fourth quarter after recording losses in the first nine months of the year. The subsidiary had a loss for the year but its new management, which took over in August "succeeded in stemming the losses . . . sustained principally by processed meat operations and which could not be wholly offset by the fine earnings of the fresh meat operation." Greyhound expects this improvement to continue.

Earnings of the Armour-Dial subsidiary, the products of which include Dial soap, canned meats and household goods, rose by nearly 38 per cent in 1980.

Profits of Greyhound's financial group rose by 15 per cent and the transportation group also had a higher net, mainly because of "a steady, well-placed increase in passengers"

Higher output boosts AT&T

BY PAUL BETTS IN NEW YORK

AMERICAN Telephone and Telegraph (AT & T), yesterday reported a rise in earnings last year to $6.08bn from $5.67bn in 1979, on revenues up to $50.8bn from $45.4bn. Earnings per share were $8.19, against $8.04.

The company, which is expected to reach a settlement with the U.S. Government next month in the complex Justice Department anti-trust case against it, said that the earnings improvement was largely the result of vigorous marketing, control of costs, technological innovations, telephone rate increases and improve productivity.

Mr. Charles Brown, the chairman, said the improvement in productivity resulted from the company's continuing huge investments in new technology.

In 1980, AT & T's construction expenditure rose to $17.3bn from $15.8bn in the previous year. By the end of December, its Bell telephone system had 141.1m telephones and 81.7m lines in service, compared with 138.2m telephones and 79.3m lines at the end of 1979. Long-distance calling volume increased by 7.8 per cent in 1980.

Occidental and ENI hold talks

By Martin Dickson

OCCIDENTAL PETROLEUM of the U.S. and ENI, the Italian state hydrocarbons company, are holding talks on a range of possible joint ventures in the oil and chemicals field.

ENI said in Rome last night that the company hoped to conclude a multi-sector agreement covering chemicals, crude oil supplies, refining and certain financial elements.

Dr. Armand Hammer, the chairman of Occidental, and Sig. Alberto Grandi, ENI's new chief, held talks in London yesterday.

In addition to ANIC, its loss-making chemicals subsidiary, ENI last year took over running the near-insolvent and heavily indebted SIR and Liquichimica chemicals groups. There was speculation last night that any chemicals deal might involve these companies.

ENI later said the talks with Occidental had ended inconclusively, but that the two companies intended to meet again.

Borrowing needs to keep squeeze on IBM margins

BY OUR FINANCIAL STAFF

PROFIT MARGINS of International Business Machines are likely to remain under pressure this year, the company said in its annual report.

The pressure will come from the need for further investments to ensure continued growth, from the high cost of borrowing, and from double-digit inflation rates in the U.S.

IBM also said its "relatively low debt ratios and a strong balance sheet position enable management to consider a full range of financing options, both in the U.S. and abroad, for future capital needs." The choice of financing methods will depend on market and economic conditions, said the board.

The group's requirement for significant capital investment is expected to continue for the next several years, the report said.

Heavy spending in 1980 contributed to a $1bn fall in working capital, to $3.39bn.

The fall included a drop in marketable securities held to $1.83bn from $2.47bn, and a decline in cash to $281m from $298m.

Working capital has declined steadily for the past few years.

Capital spending in 1980 was $6.59bn up from $5.99bn in 1979. Research and development spending in 1980 was $1.52bn up from $1.25bn.

The report disclosed that pre-tax operating income from office products operations dipped to $479m in 1980 from $566m in 1979, despite a rise in revenues for the segment to $4.13bn from $3.84bn.

IBM cited the mix of products shipped, expenses associated with new products and the effects of inflation as contributing factors to the setback in the office products segment.

Corco back in the black

By Our Financial Staff

COMMONWEALTH Oil Refining Company (Corco) ended 1980 in profit after a turnround in its final quarter from a $1.2m loss to $31.8m net profit.

Sales of Corco, which is operating under Chapter 11 of the U.S. bankruptcy code, increased in the period from $324.3m to $367.4m and earnings per share were $2.16 against a loss of 10 cents.

For the year net profits for the company, which has oil refining operations on Puerto Rico, were down from $81.3m to $9.1m, or 50 cents a share against $5.32 a share. Sales for the year were $1.3bn against $1.2bn.

However, the company warned that it might show a "considerable loss" for the first quarter of this year because of present market conditions. The company made the prediction at a court hearing on why it should remain in Chapter 11

Vance appointment

Mr. Cyrus R. Vance, partner at the law firm of Simpson Thacher and Bartlett, and Mr. Frank A. Bennack, Jr., president and chief executive officer of The Hearst Corporation, have been elected director of Manufacturers Hanover Corporation and Manufacturers Hanover Trust Company, its principal subsidiary, agencies report. Mr. Vance was U.S. Secretary of State under former President Carter.

U.S. and European credit cards accord

BY ALAN FRIEDMAN

A MAJOR conflict between European and American organisations involved in international retail banking payment systems appears to have been avoided as a result of talks just concluded in New York. Officials from Mastercard International, the credit card group, and Eurocard, the Brussels-based "travel and entertainment" card consortium, yesterday issued a joint statement reaffirming their ties and promising to co-operate in future.

The statement followed meetings held during the week of January 26 in New York between Mr. Carl Martin, chief executive of Eurocard, and Mr. Russell Hogg, president of Interbank Mastercard, the licensor which has ties not only with Eurocard, but also with Access, the UK credit card.

The talks, which had been continuing over several weeks, revolved around Mastercard's relationship with Eurocard. In the past few months, European bankers have complained of the conflict which exists between the function of the two cards. They see Eurocard as an up-market travel and entertainment card available for a fee and Mastercard as a broadly-based credit card, similar to the Visa card issued in the UK by Barclays Bank.

Yesterday's statement from Mr. Hogg and Mr. Martin said: "In a series of wide-ranging, constructive discussions, both partners identified numerous opportunities for mutual assistance and co-operation in the U.S. and Europe."

Mr. Martin commented last night that he was now optimistic about the future. He had earlier expressed resistance to a Mastercard proposal for a "50-50" card, giving equal prominence to both the Eurocard and Interbank symbols.

Also at issue between European and U.S. bankers has been the question of a U.S. partner for the recently developed Euro Travellers Cheque, backed by more than 1,000 banks. Mr. Hogg said in December that Mastercard would launch its own product on March 31 and that the two cheque systems would compete with each other.

Mr. David MacWilliam, chief executive of the Euro Travellers Cheque group, visited New York last month to discuss a possible deal with U.S. banks, such as American Express, Citibank and Interbank. It is thought that some progress may have been made in Mr. MacWilliam's talks with Interbank, but the results are not yet known.

AMERICAN QUARTERLIES

AMERICAN CAN	1980 $	1979 $
Fourth quarter		
Revenue	1.23bn	1.18bn
Net profits	19.1m	24.4m
Net per share	0.95	1.23
Year		
Revenue	4.81bn	4.52bn
Net profits	85.7m	127.7m
Net per share	4.26	6.44

CARLISLE CORPORATION	1980 $	1979 $
Fourth quarter		
Revenue	92.4m	88.5m
Net profits	7.67m	4.52m
Net per share	1.54	1.07
Year		
Revenue	280.8m	334.4m
Net profits	25.78m	18.7m
Net per share	5.56	4.05

CLARK OIL AND REFINING	1980 $	1979 $
Fourth quarter		
Revenue	401m	372m
Net profits	4.3m	12.2m
Net per share	—	—
Year		
Revenue	1.66bn	1.17bn
Net profits	43.9m	41.7m
Net per share	3.03	2.90

FORT HOWARD PAPER	1980 $	1979 $
Fourth quarter		
Revenue	103.7m	83.7m
Net profits	17.63m	15.47m
Year		
Revenue	397.4m	342.5m
Net profits	63.7m	59.84m
Net per share	2.55	2.22

GANNETT COMPANY	1980 $	1979 $
Fourth quarter		
Revenue	336.7m	295.9m
Net profits	47.88m	41.57m
Net per share	0.88	0.77
Year		
Revenue	1.21bn	1.07bn
Net profits	151.99m	134.08m
Net per share	2.81	2.50

FRANK B. HALL	1980 $	1979 $
Fourth quarter		
Revenue	88.1m	69.7m
Net profits	5.03m	5.51m
Net per share	0.47	0.56
Year		
Revenue	309.6m	267.5m
Net profits	27.98m	27.6m
Net per share	2.74	2.83

MACMILLAN INC.	1980 $	1979 $
Year		
Revenue	565m	529.8m
Net profits	†9.27m	†56.02m
Net per share	†0.77	†4.52

† Loss

MARRIOTT CORPORATION	1980 $	1979 $
Fourth quarter		
Revenue	542.6m	467.7m
Net profits	16.91m	17.34m
Net per share	0.64	0.51
Year		
Revenue	1.72bn	1.51bn
Net profits	72.03m	71.0m
Net per share	2.61	1.98

NORTH AMERICAN PHILIPS	1980 $	1979 $
Fourth quarter		
Revenue	761.4m	663.4m
Net profits	27.86m	26.41m
Net per share	2.12	2.03
Year		
Revenue	2.66bn	2.41bn
Net profits	74.49m	81.73m
Net per share	5.70	6.28

PIONEER CORPORATION	1980 $	1979 $
Fourth quarter		
Net profits	23.86m	17.02m
Net per share	0.64	0.48
Year		
Revenue	912.0m	732.5m
Net profits	90.56m	65.63m
Net per share	2.44	1.79

REVERE COPPER AND BRASS	1980 $	1979 $
Fourth quarter		
Revenue	170.8m	195.2m
Net profits	6.33m	5.29m
Net per share	1.10	0.93
Year		
Revenue	748.8m	788.1m
Net profits	21.87m	26.71m
Net per share	3.82	4.60

ROYAL TRUST CO.	1980 C$	1979 C$
Fourth quarter		
Net profits	10.5m	4.6m
Net per share	0.51	0.21
Year		
Net profits	37.49m	29.01m
Net per share	1.81	1.70

SCHERING-PLOUGH	1980 $	1979 $
Fourth quarter		
Revenue	413.2m	368.3m
Net profits	43.4m	42.8m
Year		
Revenue	1.74bn	1.43bn
Net profits	239.3m	222.3m
Net per share	4.45	4.12

STANDARD REGISTER	1980 $	1979 $
Fourth quarter		
Revenue	75.6m	71.6m
Net profits	4.36m	3.35m
Net per share	2.01	1.54
Year		
Revenue	290.2m	266.3m
Net profits	14.02m	13.58m
Net per share	6.46	6.28

WEIS MARKETS	1980 $	1979 $
Fourth quarter		
Revenue	185.3m	157.1m
Net profits	9.82m	7.32m
Net per share	1.08	0.80
Year		
Revenue	694.8m	606.2m
Net profits	33.09m	28.88m
Net per share	3.63	3.17

M. Bernard Hanon

Renault executive moves up

By Terry Dodsworth in Paris

FRANCE'S nationalised Renault motor group quelled the guessing game over the name of its next chairman yesterday by elevating M. Bernard Hanon, the head of its car division, to the post of group managing director.

The appointment, only 11 months before the retirement of the incumbent chairman, M. Bernard Vernier-Palliez, is a significant pointer in the race for the number one position in the group.

For some time, M. Hanon has been the favourite for the job. Although only 49, he has already held for four years the most important divisional post in the group. Before that, he had taken a leading part in the development of most of the current Renault models.

Like M. Vernier-Palliez, M. Hanon has spent all his working life within Renault, except for a three-year spell as assistant professor of management science at New York's Business School. He also graduated from the same elite French graduate school as his present boss, the Ecole des Hautes Etudes Commerciales, going on from there to take a management degree at Columbia University.

His Renault career was spent in a variety of posts. In the 1960s he looked after marketing in the U.S., later moving to Paris to head both the studies and planning divisions. At the car division he has adopted a *highly international approach*.

GERMAN ELECTRICAL INDUSTRY

Cost pressures hit Siemens' margins

BY STEWART FLEMING IN FRANKFURT

A WEAKENING world economy and rising costs have hit the profits of Siemens, West Germany's largest electrical equipment manufacturer and the fifth largest in the world.

Profits after tax fell by 7 per cent to DM 633m ($297m) in the year ended September 1980 in spite of the 14 per cent rise in sales to DM 31.9bn. It was the second consecutive profit decline for the company, whose products *range from* computers and office equipment through telephone, telecommunications and electricity generating facilities, to electrical and process control-plant for manufacturing industry.

Moreover, Siemens sees no significant improvement in its business domesticaly or internationally at present. At home the weakening German economy is hitting *orders*, particularly for products which are sensitive to the swings in the capital goods cycle.

Internationally, Siemens is being hampered by the decline of the Deutsche Mark. Competitive advantages may show up in the longer term, but meanwhile the weakness of the D-Mark is adding to the cost pressures which have eaten into profit margins.

In the opening three months of its current financial year cost pressures have intensified and profitability is down sharply. *Interpreting* this development as it might apply to the *outlook* for the remainder of the current year is difficult.

As with last year, for example, profits can swing widely from quarter to quarter, no doubt reflecting the long-term nature of some of the big projects the company is engaged in, such as the construction of power stations, including nuclear installations.

the impact of cost pressures and the present slowdown in economic activity on its business. Thus, for example, its stocks level increased in the first quarter in spite of a clear policy statement that it was aiming to cut stocks. In the face of declining capacity utilisation

SIEMENS TRACK RECORD

	Fiscal 1980	Fiscal 1979	Fiscal 1978	Fiscal 1977
Sales DM bn	*32.2*	*31.5*	*29.7*	26
Profits after tax DM m	633	682	721	650
Net profit margin per cent	1.96	2.2	2.4	2.5

Sales by major divisions

Communications	DM 9.1bn	Components (semi-conductors, integrated circuits, etc.)	DM 1.5bn
Power engineering	DM 7.4bn	Kraftwerk-Union (nuclear & power equipment)	DM 4bn
Electrical installation	DM 2.9bn		
Medical engineering	DM 2.3bn		
Data & information systems	DM 1.8bn		

Current year first quarter profits were down from DM 164m to DM 141m, however, and the profit margin, at 1.8 per cent, is considerably below that for the same period of 1979-80, when it was 2.3 per cent. Moreover, according to Dr. Karl-Heinz Kaske, who has just taken over as chief executive at the company, the outlook for the coming months is not promising. Thus, Siemens could, in a year, be reporting another profits decline.

In common with other German companies, there is some evidence to suggest that Siemens has been surprised by

at some plants, it has already laid off 9,000 of its 344,000 workers and this number is soon expected to rise to 12,000.

Siemens' first quarter sales revenues were up 9 per cent and orders rose by 12 per cent, a slower rate of growth than in the same period of its last financial year, when the figures were 15 per cent and 16 per cent

Dr. Kaske himself points out that because Siemens' domestic performance lags a little behind the general trend in the economy, shareholders can expect the company to be more heavily affected as the German economic slowdown continues.

Thus he warned that sales in the current year would show little, if any, increase and capacity utilisation would tend to fall. The company is also finding internationally that intensifying competition in a weak economic invironment, characterised by countries seeking to offset oil-induced current account deficits by higher exports, is making it hard to pass on higher costs through higher prices. Siemens' prices last year rose by between 1 and 2 per cent.

Among specific factors cited by the company to explain last year's profits decline were a 13 per cent rise in personnel costs, a DM 95m drop in interest earnings, and a sharp fall in prices of general purpose computers in a medium performance range. This resulted in increased losses for the data processing division.

The weak order position for electrical generating equipment is clearly still affecting the company's power station division, Kraftwerk Union, which last year earned profits of DM 22m (1978-79 DM 19m) on sales of DM 4bn last year.

The recent trend in Siemens' earnings and profitability can be no consolation to the company's shareholders. On the other hand, it is firmly established in markets which are expected to be among the fastest growing worldwide in the 1980s — namely, energy saving and productivity enhancing capital equipment and telecommunications, data procesisng and micro electronics.

Philips in U.S. optical fibre deal

By Charles Batchelor in Amsterdam

PHILIPS, the Dutch electrical group, plans to set up a joint venture with M/A-Com of the U.S. to develop optical fibre cable systems.

The new company, Valtec, will be based on the existing optical fibres communications division of M/A-Com at West Boylston, Massachussets.

Agreement in principle has been reached between Philips of the Netherlands, a U.S. group subsidiary, Philips Optical Communications, and M/A-Com, which is based in Burlington, Mass.

The new company will also reach a licence agreement with Philips of the Netherlands to use optical fibre and optical fibre cable technology developed at Philips' Dutch research and production facilities.

Valtec will develop, manufacture and market the fibre, cable, associated hardware and related systems.

M/A-Com already supplies digitial information processing and transmission equipment for satellite communications, data transmission, fibre optics and television broadcasting. It also produces microwave components for use in defence and telecommunications equipment.

Philips began deliveries of glass fibre cable in the Netherlands, Denmark and Austria in 1979.

Heavy full year loss at Citroen

BY OUR PARIS STAFF

CITROEN, the French car company, incurred a loss of around FFr 800m ($167m) last year after its deficit of FFr 317m in the first six months.

Although definitive figures will not be given until the middle of the year, this estimate of the company's performance follows a critical slump in Citroen's sales during 1980. Registrations in France fell by almost 17 per cent to 271,000 units, while car production was cut back by 21 per cent to 536,000 vehicles. Overall output, *including commercial vehicles*, dropped by 19 per cent to 585,000 units.

Citroen's hopes for an improvement in 1981 are based on forecasts that the vehicle market will be roughly the same as last year. French manufacturers are expecting a further decline in the next six months but after that they are hoping for an improvement which would bring total sales back to 1980 levels.

At the same time, Citroen is trimming its labour force by natural wastage, while aiming to increase production slightly *Citroen is also continuing* with its policy of part-time working measures, which recommence this month after being extensively used last year.

The company, part of the Peugeot group which recently forecast losses of FFr 1.5bn for 1980, has yet to disclose its turnover figures for 1980.

● Pechiney Ugine Kuhlmann, the world's sixth largest aluminium producer, has forecast that deliveries of smelted aluminuim in North America are likely to increase by between 2 and 3 per cent this year after having dropped by 7 per *cent in 1980.*

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	27.1.81	3.2.81	AVERAGE YIELD	27.1.81	3.2.81
DM Bonds	92.51	91.73	DM Bonds	9.239	9.394
HFL Bonds & Notes	93.54	93.40	HFL Bonds & Notes	10.234	10.281
U.S. $ Strt. Bonds	85.63	85.72	U.S. $ Strt. Bonds	12.583	12.564
Can. Dollar Bonds	88.85	88.98	Can. Dollar Bonds	12.537	12.513

Deutsche Shell setback

BY OUR FINANCIAL STAFF

LOWER PROFITS are reported for 1980 by Deutsche Shell, after heavy losses on oil products in the final quarter.

At the net level, profits dipped by 7 per cent to DM 245.8m ($115m). The company, which is part of the Royal Dutch Shell group, says that operational results have deteriorated in the early part of 1981.

Total sales of oil products dropped by 17 per cent to 16.6m metric tons last year from 19.9m. Marginal profits in the first nine months partially absorbed a fourth-quarter loss of DM 189.1m on the sale of oil products to hold the overall loss to DM 117m.

Deutsche Shell capital spending rose to DM 382m in 1980 from DM 244.8m. It will employ DM 600m for exploration projects in 1981.

Looking forward, the company says that rising oil costs and a strong dollar will combine to show "worsening operational results" in the early part of 1981.

Losses of the oil sector in the fourth quarter of 1980 are expected to continue for the next few months. In the last three months of 1980 the company suffered a loss of DM 48.63 per tonne of crude oil.

BORROWER PROFILE

India breaks an old taboo

BY DAVID HOUSEGO, ASIA CORRESPONDENT

INDIA, which has carried through a quiet revolution by breaking its traditional taboo against borrowing on the international capital markets, does not appear as yet to have decided on any medium-term borrowing strategy to finance its ambitious development plans through a period of increasing foreign exchange difficulties.

But as with China, which also burst on to the capital markets a couple of years ago, it is nervous of taking on too much commercial debt or straying too far from the established path of self-reliance.

India signalled its change of direction last year when it approached the market for a $680m syndicated credit as part of the financing for the $2.1bn aluminium complex to be built in Orissa state by Pechiney Ugine Kuhlmann. With a ½ per cent spread above the London inter-bank offered rate (Libor) for the first five years, this was the largest commercial credit to be arranged for a developing country in Asia in 1980—though it still awaits formal signature. The Indian Government's case for turning to the commercial markets was that the project would be self-financing in foreign exchange terms as about half its output is planned for export.

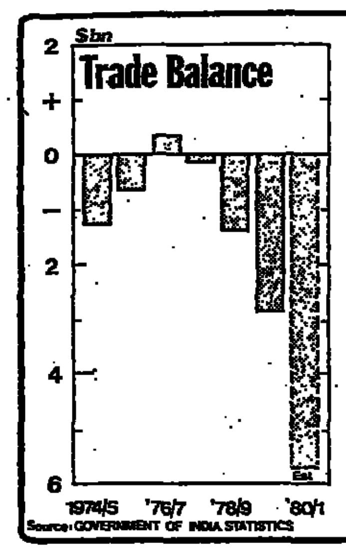
For its second major commercial offering — a $200m credit for the Oil and Natural Gas Commission — India has obtained terms of ⅜ per cent above Libor for the first two years, a rate as fine as that extended to European industrial countries. Several banks have declined to participate on the grounds that the rate is too low.

Manufacturers Hanover Trust, which is lead managing the loan with the Bank of Tokyo and the State Bank of India, consider the ONGC a prime borrower in that the credit is for further developing the Bombay High offshore oil and gas field —an already successful venture—for which the World Bank is also putting up $400m.

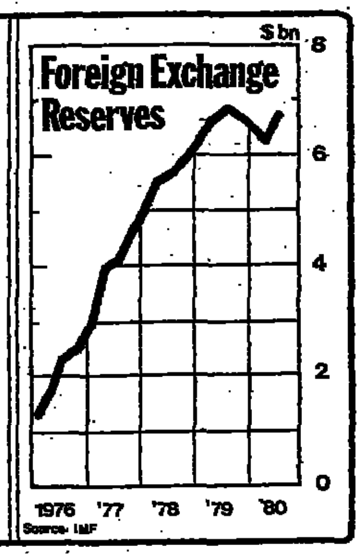
India also has the advantage that it has virtually no backlog of commercial debt, and that therefore few banks have any exposure in the country. As of July last year, commercial banks had lent India—according to the Bank for International Settlement's figures—$906m of which $375m was in short-term credits of up to one year. As against this, India had $3bn on deposit with the banks.

India's official debt, however, is far larger. As of March, 1979, outstanding disbursed debt amounted to $15.2bn, consisting mostly of long-term concessional loans from Western donor countries, the World Bank, the Organisation of Petroleum Exporting Countries and the Eastern bloc.

Repayments on interest and principal amounted to $1bn for both fiscal 1978-79 and 1979-80, or about 15 per cent of export earnings. In 1978-79 $804m of this was repaid to non-Eastern bloc lenders. Though there has recently been a surge of new Russian aid to India, in 1978-79 there was a net transfer of funds from India to the Eastern block of $116m.



Source: GOVERNMENT OF INDIA STATISTICS



Source: IMF

India began to look to commercial credits some three years ago when its foreign exchange reserves were still strong. This was at a time when the previous Janata administration was considering enlisting foreign contractors in turnkey projects.

The list of potential projects is still long. Apart from the French-held aluminium contract, other proposals include:

- A $2.5bn coastal steel plant for which Davy International and Mannesmann-Demag are the main contenders, involving syndicated credits of about $500m;
- About 6 to 10 fertiliser plants based on a feedstock of natural or associated gas and with a potential outlay of $10bn;
- Two petrochemical complexes with a cost of more than $2bn;
- Four superthermal and four hydroelectric power stations at more than $1bn each as well as new thermal units for the private sector or state governments;
- Major investments to modernise and electrify the rail network and to modernise the coal industry.

Since these plans were first mooted there has been a sharp setback to India's balance of payments position. From a trade surplus of $346m in 1976-77, India slipped to a deficit of $2.8bn in 1979-80 and this is expected to double again this year. Rising prices for oil, which now accounts for 45 to 50 per cent of the import bill, and a slowdown in the growth of export earnings, are the main cause of the turnabout. But in addition, the growth of remittances from Indian workers in the Middle East — which provided a major boost to the current account after 1975—has flattened out.

As a result the foreign exchange reserves fell from a peak of $7bn in September, 1979, to $5.8bn in July last year, equivalent to about six months' imports. To reverse this worrying fall the government made borrowings from the International Monetary Fund under the Trust Fund and the Compensatory Financing Facility of about $1bn which boosted reserves in August to $6.7bn.

The pressure on reserves is bound to continue. In its report on the Indian economy last year, the World Bank warned that the reserves could fall to as low as $3.3bn by 1982/83—equivalent to only two months' imports. This forecast was based on the assumption of an annual 6.5 per cent growth of exports in volume terms (possibly optimistic); a continuing rise in tourist earnings but still stagnant receipts from remittances; aid disbursements rising from $1.8bn in 1979/80 to $2.8bn by 1982/83 (probably optimistic as well unless new OPEC funds offset the slowdown in Western aid); and a falling investment income from the reserves.

Mrs. Indira Gandhi's administration would certainly take steps to prevent a continuing slide in the reserves, of which the World Bank warned. But the Indian Government's own internal projections are that India will have an unfinanced gap on the balance of payments (after allowing for aid) of $3.5bn a year in 1984/85, when the trade deficit is expected to reach a peak.

India does not appear as yet to have decided on its strategy for covering this gap. It is pinning its hopes on getting greater assistance from OPEC. It is entitled to make further drawings from the IMF before running up against the tough conditionality clauses of the upper tranches, which Indian governments have traditionally avoided. It has by no means tapped the full potential of borrowing from the World Bank.

Relations with the World Bank have been strained however by the bank's cancellation of a $250m project loan to India for two new fertiliser plants after arguments over a switched consultancy contract.

One pointer to the size of commercial borrowing which the Government has in mind are the details now emerging for financing the 1980-1985 Five Year Plan, due to be unveiled formally this month. This is believed to allow for $4.3bn of commercial borrowings over the period to help finance public sector investment of $122bn. Commercial borrowings have not so far been running at even this modest level apparently foreshadowed in the plan, yet the $4.3bn would be rapidly absorbed by a few jumbo projects such as the Paradip steel project.

There remains the possibility that, in the face of such foreign exchange constraints, India will slow down the pace of its capital-goods imports or phase projects with a large foreign exchange content over a longer period.

هكذا من الأصل

Companies and Markets **CURRENCIES, MONEY and GOLD**

$ & £ weaker

Dollar lost ground in currency markets yesterday in comparitively quiet trading, on what dealers described as a technical setback. Some profit-taking was inevitable after the recent sharp rise in the U.S. unit, and while yesterday's trend may have been downward, dollar sentiment remained bullish. *Eurodollar rates* seemed to be less of a market factor while showing an easier tendency yesterday.

Sterling fell in line with the dollar, but the softer trend was influenced mainly by fears of a cut in MLR, with some sectors of the market anticipating a reduction today and *others advocating* a cut in the March Budget.

European currencies were firmer against the dollar and showed some changes within the European Monetary System. While the Italian lira remained the weakest currency, the D-mark slipped below the Belgian franc to become the second weakest member. The French franc was against the strongest currency, followed by the Dutch guilder.

DOLLAR — trade-weighted index (Bank of England) fell to 98.6 (99.5). The dollar was slightly weaker yesterday, finishing close to its lowest level of the *day. Against the D-mark it* closed at DM 2.1160 compared with DM 2.1330, and SwFr 1.9200 against the Swiss franc compared with SwFr 1.9350. The yen was also firmer, with the U.S. unit slipping to Y202.90 from Y204. Trading was quiet for most of the morning following the closure *of many Middle East centres* for the Chinese New Year. The dollar's softer tendency reflected market uncertainty as to how the dollar would react in the short-term in the light of recent heavy central bank intervention.

STERLING — trade-weighted index (Bank of England) fell to 104.1 from 104.2, having stood at 104.4 at noon and 104.1 in the morning. Sterling was slightly firmer against the dollar yesterday, but lost ground to other European currencies. Against the dollar it opened at $2.3460-$2.3470 and traded above $2.35 for most of the day. It touched a high of $2.3600 and closed at $2.3570-2.3580, a rise of 60 points *from Tuesday's close. Against* the D-mark it fell to DM 4.99 from DM 5.02, and FFr 11.4775 against the French franc from FFr 11.5450.

D-MARK — Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position and slower than expected economic growth rate. The recent rise in the U.S. dollar has prompted large intervention by the Bundesbank in the foreign exchange market, while tension in Poland remains a market factor. — The D-mark recovered slightly at yesterday's fixing in *Frankfurt, with sterling and the* U.S. dollar losing ground. The dollar traded quietly in comparison to the hectic conditions seen recently, and was fixed lower at DM 2.1318 compared with DM 2.1500 on Tuesday. Sterling was lower at DM 5.0130 against DM 5.0200. The dollar's easier trend was seen as a temporary setback after its recent rise, and its undertone remained bullish. Within the European Monetary System the D-mark showed mixed *changes. The French franc rose* to DM 43.36 per FFr 100 from DM 43.35, and the Irish punt was higher at DM 3.7370 against DM 3.7300.

JAPANESE YEN — Very firm despite recent dollar strength, underpinned by Japan's improving ***economic performance.*** — The Japanese yen improved against the dollar in Tokyo yesterday, with the U.S. unit slipping to Y204.50 from Y205.15. The dollar opened at Y203.90, and rose to trade around Y204.50.

THE POUND SPOT AND FORWARD

Feb. 4	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3450-2.3600	2.3570-2.3580	0.70-0.80c dis	−3.82	2.35-2.45dis	−4.07
Canada	2.8040-2.8175	2.8145-2.8155	0.96-1.06c dis	−4.26	3.05-3.15dis	−4.40
Nethlnd.	5.39-5.45	5.40½-5.41½	2⅛-1⅛c pm	3.60	4½-3½c pm	2.96
Belgium	79.60-80.60	79.65-79.75	13-3c pm	1.20	18-8 pm	0.65
Denmark	15.29-15.41	15.30¾-15.31¾	3-1ore pm	1.57	par-1⅞ dis	−0.24
Ireland	1.3340-1.3440	1.3350-1.3360	0.05p pm-0.07dis	−0.09	0.31-0.45dis	−1.14
W. Ger.	4.97-5.03	4.98½-4.99½	2-1pf pm	3.61	4¼-3¼ pm	3.01
Portugal	130.80-132.10	130.90-131.10	85c pm-20 dis	2.98	75pm-115dis	−0.61
Spain	196.50-197.50	197.30-197.40	30c pm-60 dis	−0.20	165-250 dis	−4.20
Italy	2,365-2,377	2,366-2,367	8-10 lire dis	−4.56	34½-37½dis	−6.13
Norway	12.65-12.73	12.65¾-12.66¾	2⅞-1⅜ore pm	1.89	2⅜-⅞ pm	0.57
France	11.46-11.58	11.47½-11.48½	3¾-2¾c pm	3.40	6½-5½ pm	2.00
Sweden	10.70-10.76	10.74¼-10.75¼	3¼-4¼ore dis	−4.19	12½-13¼dis	−4.72
Japan	475-483	478-479	2.30-1.95y pm	5.33	5.65-5.30 pm	4.58
Austria	35.20-35.55	35.28-35.33	15-11gro pm	4.42	30-23 pm	3.00
Switz.	4.50-4.54	4.52¾-4.53¾	3-2c pm	6.63	7⅞-6⅞ pm	6.07

Belgian rate is for convertible francs. Financial franc 79.95-80.05. Six-month forward dollar 4.44-4.54c dis, 12-month 7.20-7.40c dis.

THE DOLLAR SPOT AND FORWARD

Feb. 4	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3450-2.3600	2.3570-2.3580	0.70-0.80c dis	−3.82	2.35-2.45dis	−4.07
Ireland†	1.7490-1.7670	1.7640-1.7670	0.45-0.55c dis	−3.41	1.20-1.30dis	−2.84
Canada	1.1937-1.1965	1.1956-1.1959	0.02-0.06c dis	−0.40	par-0.05dis	−0.08
Nethlnd.	2.2940-2.3165	2.2940-2.2960	1.57-1.47c pm	7.95	4.20-4.10 pm	7.23
Belgium	33.80-34.25½	33.80-33.82	16½-15c pm	5.56	43-40 pm	4.88
Denmark	6.4950-6.5565	6.5000-6.5025	3-2½ore pm	5.07	6½-6 pm	3.84
W. Ger.	2.1040-2.1350	2.1155-2.1165	1.36-1.30pf pm	7.54	3.77-3.71 pm	7.07
Portugal	55.45-56.15	55.45-55.55	50-15c pm	7.03	85-15 pm	3.60
Spain	83.60-83.93	83.64-83.69	10c pm-15 dis	−0.36	par-30 dis	−0.72
Italy	1005.0-1012.0	1006.75-1006.75	¼-1¼ lire dis	−0.89	3½-4½ dis	−1.49
Norway	5.3700-5.4160	5.3780-5.3800	2.55-2.05ore pm	5.13	6.65-6.15 pm	4.76
France	4.8700-4.9225	4.8750-4.8800	2.85-2.75c pm	6.87	7.40-7.20 pm	5.97
Sweden	4.5520-4.5735	4.5545-4.5555	0.20-0.35ore dis	−0.72	0.80-0.95dis	−0.77
Japan	202.50-204.20	202.85-202.95	1.60-1.45y pm	9.02	4.45-4.30 pm	8.62
Austria	14.97-15.11	14.97-14.98	10.30-9.70gro pm	7.99	27.25-25.75pm	7.06
Switz.	1.9100-1.9350	1.9195-1.9205	1.78-1.71c pm	10.91	4.99-4.92 pm	10.32

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Feb. 4	Bank of England Index	Morgan Guaranty Changes%
Sterling	104.1	−23.3
U.S. dollar	98.6	−5.2
Canadian dollar	84.6	−18.6
Austrian schilling	114.3	+21.0
Belgian franc	108.2	+10.0
Danish kroner	90.2	−9.0
Deutsche mark	118.4	+37.1
Swiss franc	154.0	+74.2
Guilder	113.0	+16.4
French franc	87.4	−8.7
Lira	61.6	−53.7
Yen	148.9	+44.7

Based on trade weighted changes from Washington agreement Decembr, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 3	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.528526	0.516615
U.S. $	15	1.23490	1.20991
Canadian $	17.11	1.47842	1.44609
Austria Sch.	6¾	18.8211	18.4028
Belgium F.	12	42.6257	41.7722
Danish K.	11	8.19480	7.99812
D'mark	7½	2.65504	2.60010
Guilder	8	2.87979	2.82224
French Fr.	9½	6.12757	6.00419
Lira	16½	1258.36	1232.90
Yen	7¼	252.784	247.911
Norwgn. Kr.	9	6.73638	6.58858
Spanish Pts.	8	103.869	101.838
Swedish Kr.	12	5.67931	5.56947
Swiss Fr.	3½	2.40065	2.34904
Greek Dr'ch.	—	—	61.3435

OTHER CURRENCIES

Feb. 4	£	$		£ Note Rates
Argentina Peso	5249-5269	2232-2242	Austria	35.20-35.60
Australia Dollar	2.0160-2.0200	0.8565-0.8570	Belgium	80.20-81.00
Brazil Cruzeiro	163.18-164.18	69.19-69.54	Denmark	15.30-15.45
Finland Markka	9.433-9.449	4.0000-4.0020	France	11.47-11.57
Greek Drachma	116.997-119.967	50.23-50.33	Germany	5.00-5.04
Hong Kong Dollar	12.41-12.42	5.2740-5.2810	Italy	2400-2490
Iran Rial	174.00*	74.25*	Japan	478-484
Kuwait Dinar(KD)	0.637-0.643	0.2726-0.2736	Netherlands	5.41-5.46
Luxembourg Frc.	79.65-79.75	33.80-33.82	Norway	12.65-12.75
Malaysia Dollar	5.2330-5.2430	2.2240-2.2290	Portugal	130-143
New Zealand Dlr	2.4890-2.4940	1.0565-1.0575	Spain	192¼-201
Saudi Arab. Riyal	7.78-7.84	3.3290-3.3310	Sweden	10.68-10.78
Singapore Dollar	4.8550-4.8650	2.0660-2.0710	Switzerland	4.51½-4.56
Sth African Rand	1.7950-1.7975	0.7615-0.7625	United States	2.34¼-2.36½
U.A.E. Dirham	8.56-8.64	3.6710-3.6730	Yugoslavia	83½-87

Rate given for Argentina is free rate. * *Selling rate.*

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU February 4	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.6522	+4.68	+0.94	±1.53
Danish Krone	7.72336	7.97784	+3.29	−0.45	±1.64
German D-Mark	2.48208	2.59960	+4.73	+0.99	±1.125
French Franc	5.84700	5.95934	+2.43	−1.31	±1.3557
Dutch Guilder	2.74362	2.82045	+2.80	−0.94	±1.512
Irish Punt	0.668201	0.696603	+4.25	+0.61	±1.668
Italian Lira	1157.79	1231.97	+6.41	+2.76	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Feb. 4	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.358	4.990	478.5	11.478	4.528	5.410	2367.	2.815	79.70
U.S. Dollar	0.434	1.	2.117	203.0	4.869	1.920	2.295	1004.	1.194	33.81
Deutschemark	0.200	0.472	1.	95.89	2.300	0.907	1.084	474.2	0.564	15.97
Japanese Yen 1,000	2.090	4.927	10.43	1000.	23.99	9.462	11.31	4946.	5.883	166.6
French Franc 10	0.871	2.054	4.348	416.9	10.	3.945	4.714	2062.	2.453	69.44
Swiss Franc	0.221	0.521	1.102	105.7	2.535	1.	1.195	522.7	0.622	17.60
Dutch Guilder	0.185	0.436	0.922	88.45	2.122	0.837	1.	437.4	0.520	14.73
Italian Lira 1,000	0.423	0.996	2.109	202.2	4.850	1.913	2.286	1000.	1.190	33.68
Canadian Dollar	0.355	0.837	1.773	170.0	4.077	1.608	1.922	840.7	1.	28.31
Belgian Franc 100	1.255	2.958	6.261	600.4	14.40	5.681	6.788	2969.	3.532	1·00

FT LONDON INTERBANK FIXING (11.00 a.m. FEBRUARY 4)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 1/16	offer 17 3/16	bid 16 5/8	offer 16 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, *of the bid and offered rates of $10m quoted by the market to five reference banks* at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Feb. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅛-14⅜	17⅜-17⅝	16-17	9-9⅛	9-10	8[illegible]	10½-10⅝	15-17	11½-12	7¾-8½
7 days' notice	14⅛-14⅜	17⅜-17⅝	16-17	9-9⅛	4¾-5⅛	9-9⅛	10½-10⅝	17½-19½	11½-12	8¼-8½
Month	13⅞-14	17½-17¾	17⅞-18¼	9[illegible]-9¼	6[illegible]-6[illegible]	9[illegible]-9½	10[illegible]-10½	18⅛-19⅝	12-12⅛	8-9¼
Three months	13[illegible]-13[illegible]	16⅞-17⅛	17⅛-17½	9[illegible]-9½	6[illegible]-6[illegible]	9[illegible]-9[illegible]	10¾-10[illegible]	18⅞-19⅞	12[illegible]-12[illegible]	8[illegible]-8[illegible]
Six months	12⅝-12¾	16[illegible]-16[illegible]	16⅛-16½	9½-9⅝	6⅜-6½	9⅝-9¾	11¾-11[illegible]	18¾-19¾	12⅝-12¾	8[illegible]-8[illegible]
One Year	12½-12⅝	15⅝-15⅞	15⅛-15½	9[illegible]-9[illegible]	6⅝-6½	9⅝-9¾	12⅝-12⅞	19-20	12⅝-12¾	8⅝-8[illegible]

SDR linked deposits: one-month 13[illegible]-13[illegible] per cent; three-months 13[illegible]-13[illegible] per cent; six-months 13-13⅜ per cent; one year 12⅝-13⅛ per cent.

Asian $ (closing rates in Singapore) one-month 17½-17⅝ per cent; three-months 16⅞-17 per cent; six-months 16[illegible]-16[illegible] per cent; one year 15¾-15⅞ per cent. Long-term Eurodollars two years 14⅞-15⅛ per cent; three years 14⅝-14⅞ per cent; four years 14½-14¾ per cent; five years 14¼-14½ per cent: nominal closing rates. *Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.*

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.10-17.20 per cent; three-months 16.90-17.00 per cent; six-months 16.15-16.25 per cent; one year 15.20-15.30 per cent.

INTERNATIONAL MONEY MARKET

German rates firm

German interest rates were firmer yesterday, with Frankfurt call money rising to 9.05-9.25 per cent *from 9.00-9.10 per cent. One-*month funds rose to 9.00-9.20 per cent from 8.90-9.10 per cent; three-month to 9.50-9.70 per cent from 9.45-9.60 per cent; six-month to 9.60-9.80 per cent from 9.55-9.65 per cent; and 12-month to 9.60-9.80 per cent from 9.55-9.65 per cent. In Bonn a Finance *Ministry spokesman denied any* plans for a package of measures to support the D-mark, following strong rumours in the foreign exchange market on Tuesday. Replying to suggestions that the authorities plan a special issue of Federal bonds to be taken up by the U.S. Federal Reserve in exchange for dollars, the Ministry spokesman said Germany's large currency reserves are sufficient to defend the D-mark.

The Bundesbank will not hold a Press conference after today's regular fortnightly council meeting, and the central bank stated *that there had been no request* from anyone in the Government to attend the meeting.

In Amsterdam interest rates are expected to remain around the Lombard rate until the end of the current quota period following the latest swap transactions to bring an additional *Fl 575m into the market today.* At the same time the guilder remains very firm within the EMS encouraging the Dutch central bank to keep interest rates as low as possible.

UK MONEY MARKET

Rates ease

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Conditions were very quiet in the London money market yesterday, with short-term interest rates showing an easier trend in anticipation of a possible cut in the Bank of England Minimum Lending Rate in the near future. In the interbank market three-month money fell to 13¼-13⅜ per cent from 13⅜-13½ per cent. Day-to-day credit was in *ample supply and the authorities* did not intervene. The only significant market factor was a small excess of Government disbursements over revenue payments to the Exchequer.

Discount houses paid 13½-14 per cent for secured call loans, and closing balances were taken at 13-13½ per cent.

In the interbank market overnight loans opened at 14[illegible]-14[illegible] *per cent, and declined to* 13[illegible]-13[illegible] per cent at the close.

GOLD

Firmer trend

Gold rose $17 an ounce in the London bullion market yesterday to close at $504-507. The metal opened at $495-498, and rose on short covering to reach a high *of $509-512. At this level it* encountered profit taking. Trading remained erratic with the market watching the dollar's performance and movements in U.S. interest rates.

In Paris the 12½ kilo bar was fixed at FFr 86,500 per kilo ($548.95 per ounce) in the *afternoon, compared with FFr 85,750* ($542.09) in the morning, and FFr 85,000 ($532.80) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,700 per kilo ($506.01 per ounce) against DM 33,490 ($493.49) previously, and closed at $504-506 compared *with $485-488 an ounce on* Tuesday.

In Zurich gold finished at $504-507 against $486-489 previously.

	Feb. 4		Feb. 3	
Gold Bullion (fine ounce)				
Close	$504-507	(£213½-215)	$487-490	(£208¼-209½)
Opening	$495-498	(£211-212½)	$480-483	(£206¼-207½)
Morning fixing	$504.25	(£214.757)	$482	(£206.205)
Afternoon fixing	$505	(£214.483)	$486.25	(£208.155)
Gold Coins				
Krugerrand	$520½-522½	(£220½-221¾)	$501½-505½	(£213¾-214½)
1/2 Krugerrand	$269-273	(£114-115¾)	$258-262	(£110-111½)
1/4 Krugerrand	$136-140	(£57¾-59¼)	$130½-134½	(£55½-57¼)
1/10 Krugerrand	$57-61	(£24¼-25¾)	$54½-58½	(£23½-25)
Mapleleaf	$519-521	(£220¼-221)	$499-501	(£212½-213½)
New Sovereigns	$127½-128½	(£54-54½)	$122½-123½	(£52¼-52¾)
King Sovereigns	$150-152	(£63½-64½)	$146-148	(£62¼-63¼)
Victoria Sovs.	$150-152	(£63½-64½)	$146-148	(£62¼-63¼)
French 20s	$169-172	(£71¾-73)	$173-176	(£73½-75)
50 pesos Mexico	$630-635	(£267¼-269½)	$604-609	(£257¼-259½)
100 Cor. Austria	$490-495	(£207¾-210)	$472-477	(£201-203¼)
$20 Eagles	$629-634	(£266¾-269)	$617-622	(£263-265)

MONEY RATES

NEW YORK

Prime Rate	19½
Fed. Fund	17¼-17½
Treasury Bills (13-week)	14.70
Treasury Bills (26-week)	13.79

GERMANY

Discount Rate	7.5
Overnight Rate	9.15
One month	9.10
Three months	9.60
Six months	9.70

FRANCE

Discount Rate	9.5
Overnight Rate	10.75
One month	10.9375
Three months	11.375
Six months	12.1875

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.9375
Bill Discount (three-month)	8.65625

LONDON MONEY RATES

Feb. 4 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	13½-14⅜	14-14⅜	—	—	14-14½	13-14	—	—	—
2 days notice	—	—	14¼-14⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14⅜	14¼-14⅜	—	14½	14⅜	13½-14	—	—	—
One month	14-13¾	13[illegible]-14[illegible]	14⅛	15¼-14⅞	14[illegible]	14⅛-14½	13¾-14	12	13[illegible]-13[illegible]	14[illegible]
Two months	13[illegible]-13½	13½-13[illegible]	—	14⅜-14	13	14¼	13½	12	13[illegible]-13[illegible]	14[illegible]
Three months	13¼-13⅛	13⅛-13⅞	13⅝	13¾-13⅜	13[illegible]	13¾	12[illegible]-12[illegible]	12[illegible]-12[illegible]	12[illegible]-12[illegible]	13[illegible]
Six months	12¾-12⅝	12[illegible]-12⅞	12¾	13⅛-12¾	13[illegible]	13[illegible]	—	—	11[illegible]	12[illegible]
Nine months	12⅝-12½	12⅝-12[illegible]	—	13⅛-12¾	13	13[illegible]	—	—	—	—
One year	12½-12⅜	12½-12¾	12½-12⅝	12⅞-12⅝	12[illegible]	13[illegible]	—	—	—	—
Two years	—	—	12⅞-13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage *rates nominally three years 13¾ per cent; four years 13½-13¾ per cent; five years 13½ per cent.* ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12[illegible] per cent, four-month trade bills 13 per cent.

Approximate selling rate for one-month Treasury bills 12[illegible] per cent; two-months 12[illegible] per cent; three-months 12[illegible] per cent. Approximate selling rate for one-month bank bills 13[illegible]-13½ per cent; two-months 13[illegible]-13½ per cent; three-months 12[illegible]-12½ per cent; one-month trade bills 14⅜ per cent; two-months 13⅞ per cent and three-months 13[illegible] per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from February 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.6095 per cent

WORLD STOCK MARKETS

Wall St. mixed at mid-session

FAILING TO build on Tuesday's late rally, Wall Street drifted modestly easier early yesterday, but shares tended to pick up later in the morning to make a *rather mixed showing at mid-session.*

The Dow Jones Industrial Average, having regained 9.13 on Tuesday, was off 4.09 at 11.00 am prior to rallying to 941.21 at 1 pm, just 0.17 below the overnight level. The NYSE All Common Index managed a fresh net gain of 19 cents at $73.67 by 1 pm, while rises narrowly led declines at mid-session by a seven-to-five margin. Trading remained fairly active, with 31.86m shares changing hands against the previous day's 1 pm level of 30.42m.

Analysts said continuing uncertainty about interest rates and the ability of the Reagan Administration to cut Federal spending left the market vulnerable.

They added that news that freelance journalist Cynthia Dwyer is being tried as a spy in Iran unsettled investors in light of President Reagan's statements about a tough posture concerning treatment of Americans overseas.

American Telephone was unchanged at $51½ after reporting slightly higher 1980 earnings. IBM was unaltered at $64¼. It said its profit margins will continue under pressure.

General Motors gained ⅛ to $47, continuing to climb following its statement late on Monday that it believes its return to profitability in the fourth-quarter will continue in 1981.

Occidental Petroleum added ⅜ to $30⅞. It is holding talks with Italian State energy company, Ente Nazionale Idrocarburi, regarding some type of a link-up.

Wallace-Murray put on $2 to $36¼ on top of a four-point rise *on Tuesday. The company has* had preliminary talks about a merger with a company it did not name.

THE AMERICAN SE Market Value Index recorded an improvement of 1.51 at 337.38 at 1 pm *after volume of 2.86m shares* (3.10m).

Oil and Technology issues continued to recover. Houston Oil put on ½ to $52½ and Dome Petroleum $1 to $68⅜, while Wang Laboratories B hardened ⅞ to $34⅞.

Syntex added $1 at $62. It has been firming *in the past few days* following a recent decline. Pat Fashions climbed 1½ to $11 after reporting that fourth-quarter profits were nearly doubled.

Closing prices for North *America were not available* for this edition.

Canada

Markets continued the recovery movement which began *late the previous day. After* reasonably active early trading, the Toronto Composite index was 10.3 higher at 2,206.2 at mid-day. Golds rallied 129.0 to 4,084.6 and Oil and Gas 26.2 to 4,358.6.

Asamera reported higher earnings and gained ⅜ to C$18. Hiram Walker, which announced increased first-quarter net profits, firmed ¼ to C$27⅜ in active trading. Turbo Resources improved ⅜ to C$26¼ on a proposed three-for-one stock split.

Tokyo

With many investors continuing to worry about the possibility of a tightening of restrictions on margin trading, the market, after Tuesday's setback, closed mixed with an easier bias yesterday. However, there was a reasonable trading volume of 330m shares, compared with the previous day's low level of 230m.

The Nikkei-Dow Jones Average, which recorded a record high of 7,322.06 on Monday, shed 2.90 more to 7,288.41. Declines exceeded gains on the First Market section by 372 to 308.

Pioneer Electronic receded Y80 to Y2,800, Matsushita Electric Y9 to Y840 and Fuji Photo Film Y11 to Y982, but Arabian Oil rose Y100 to Y3,340, *Takeda Pharmaceutical* Y13 *to* Y797, Tanabe Pharmaceutical Y80 to Y510, Okuma Machinery Y84 to Y834, and *Makino Milling* Y43 to Y945.

Germany

Renewed *interest by institutional* investors fostered a fairly general rally in stock prices. The Commerzbank index recovered 3.7 to 672.6.

The Deutsche Mark's steadier showing on the international Foreign Exchange markets and an improved performance by Wall Street overnight were aiding sentiment. Market sources said most operators seem to feel that the Bundesbank is unlikely to raise interest rates at its Central Bank meeting today. Dealers also noted that the stock market was not deterred by fresh weakness yesterday on the Bond markets.

Deutsche Bank rose DM 3.20, while among Motors, BMW put on DM 2.50. Krupp firmed DM 3 in Steels and Electricals concern *Siemens,* despite lower first-quarter profits, gained DM 1.20 to DM 256.20.

Australia

Bargain buying encouraged by a firmer gold price helped markets to close mixed to firmer yesterday, following the recent sharp setback.

The Australian All Ordinaries index, having fallen 83 points since January 7, regained 2.2 to 647.0.

However, market leader BHP traded as low as A$13.40 before finishing a net 10 cents easier at A$13.55, which makes a fall of A$1.35 since the company's announcement last Friday of an A$331m rights offer.

In contrast, Woodside Petroleum recouped 10 cents more to A$2.75 despite further talk of a pending rights issue. News of an encouraging gas and condensate flow at the Mdorari No. 3 well helped Bridge Oil to improve 10 cents to A$5.50.

Among Golds, Kitchener retrieved 20 cents at A$3.20 and Poseidon 5 cents at A$4.55, but *Haoma* weakened 25 cents more to A$2.00.

Elsewhere in Minings, MIM *put on* 10 cents to A$3.95 and CRA 11 cents to A$4.78.

Selected Retailers firmed following news that December retail sales were 17 per cent above the year-ago figures. G. J. Coles gained 10 cents to A$2.40 and Myer 3 cents to A$1.88.

Hong Kong

The market finished the Chinese year on a strong note in fairly active trading, although late profit-taking left most stock prices below the day's best. The recent decline in some U.S. interest rates has helped the market *of late, and the Hang* Seng index, after rising 53 points in the past two days, managed a fresh net gain of 9.62 at 1,650.62. This leaves the index only four points below the closing seven-year high set on November 13 last year. Turnover totalled HK$579.63m on the *four exchanges,* against Tuesday's HK$651.24m.

Hong Kong markets will be closed for the rest of the week for the Lunar New Year's holiday.

HK Land put on 20 cents to HK$12.60, HK Telephone 40 cents to HK$28.40, Hang Seng Bank HK$3 *to* HK$176, Sun Hung Kai Properties 30 cents to HK$21.40 and Carrian 40 cents to HK$9.40.

Paris

Bourse prices mostly gained ground in active dealings, encouraged by the overnight Wall Street rally.

Peugeot put on FFr 3.3 to FFr 120.8 despite a prediction by subsidiary Citroen of a FFr 800m 1980 loss.

Johannesburg

Gold shares picked up sharply on fairly heavy overseas and local buying, prompted by the Bullion price recovery. F. S. Geduld rallied R3.25 to R52.50, Kloof R3.00 to R38.75 and Buffels R2.00 to R41.25.

NEW YORK

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

COMMODITIES AND AGRICULTURE

Grain ban decision soon

WASHINGTON—President Reagan has said he will announce his decision on the Soviet grain embargo after a February 17 meeting with 12 farm state senators.

The President feels that the 12 farm state senators have a perspective that is valid on the embargo issue, according to the White House.

Last week Mr. Reagan said the embargo was to be discussed at yesterday's Cabinet meeting, but he did not say when his decision on whether to lift the partial embargo would be made.

The 12 senators had asked Reagan for a meeting to communicate farm states' concerns about the embargo. Meanwhile the U.S. Department of Agriculture has said that the Reagan Administration might decide to set up a committee to examine the future of the partial embargo. The committee would be composed of various Cabinet members and senior administration officials.

A group of Republican senators have urged the President that the U.S.-USSR grain agreement should be renegotiated to ensure higher Soviet purchases of U.S. grains than the 8m tonne threshold in the present five-year agreement.

In a letter to Mr. Reagan they said an agreement that ensured greater Soviet grain purchases would "moderate the swings in demand and thus protect U.S. commodity markets as well as strengthen USSR dependency on U.S. production."

Urging Mr. Reagan to lift the grain embargo on the USSR, the Republicans said there is no conclusive evidence the embargo has hurt the USSR food supply.

Reuter

Walker gloomy after fishing talks with France

BY RICHARD MOONEY

MR. PETER WALKER, the UK Minister of Agriculture and Fisheries, following talks with the French Fisheries Minister, said in London yesterday that he was "not over-optimistic" about prospects for the agreement of a common EEC fisheries policy at next Monday's meeting in Brussels.

Mr. Walker reported that M. Hoeffel, France's Transport and Fisheries Minister, whom he met on Tuesday, seemed anxious to make progress on the fisheries impasse and said there was broad agreement on the need for conservation measures.

But he said M. Hoeffel had called for an interim 10-year deal on French access to Britain's exclusive zone, after which the question would be looked at again. Mr. Walker found this unacceptable and continued to insist on a permanent arrangement on access.

Talks between French and British fisheries officials will continue over the next few days, but hopes apepar sli mthat sufficient progress can be made for a full-scale agreement to be reached next week.

European fishermen have threatened concerted action, possibly including a port blockade, if no agreement is forthcoming. "Trade unionists throughout the EEC reckon that the fleets in Europe are being allowed to disintegrate," said the Transport and General Workers' Union national fishing officer, Mr. Mel Keenan, earlier this week. "We have reached the position that if we don't do something soon, there will be nobody left to do it."

With more and more boats tying up because of insufficient returns British fishermen have blamed their plight mainly on the influx of cut-priced fish from the Continent. Fishermen at the Scottish port of Fraserburgh took direct action earlier this week by preventing the unloading of an Icelandic cargo of processed white fish.

But the main culprits are believed to be the Dutch. UK fishermen have complained that fish withdraw from the Dutch market to shore up prices are being sold in Britain at knock-down prices instead of being destroyed or sold for animal feed production in accordance with EEC rules. They were told by Mr. Walker yesterday morning that any firm evidence they could supply to support this charge would be acted upon. Meanwhile he assured them that he would draw attention to the allegations at a meeting with Mr. Braks, the Dutch Fisheries Minister, in the afternoon.

Mr. Walker recognised that quayside fish prices had fallen to un-remunerative levels and said it was "truly remarkable" that retail prices had remained relatively constant in spite of the low wholesale levels. He reminded the fishermen that a team of his special marketing advisers was already looking into the operation of the UK fish market.

The fishermen made no request for special Government aid to help them through this difficult period, but they said they were drawing up a statement of their financial position and hinted that a call for aid might be made soon. Unconfirmed reports have suggested that the fishermen will seek operating subsidies worth around £30m this year.

● A complete ban on trawling for mackerel off the south west coast was urged yesterday by Cornwall's 1,000 inshore fishermen in a "last-ditch, desperate plea" to the Prime Minister.

A deputation delivered a protest letter to 10, Downing Street, demanding an immediate ban to safeguard future stocks.

The 250 inshore boat crews operating from Cornwall use traditional hand lines to catch the mackerel. They claim the bigger trawlers, using nets, are catching too many small fish and endangering future stocks.

There are at present more than 30 Iron Curtain freezer ships anchored off Falmouth, buying mackerel catches from the largest English and Scottish trawlers.

US taps new source of rubber

WASHINGTON — The U.S. Agriculture Department has announced a programme aimed at helping the U.S. become self-sufficient in natural rubber.

The programme will produce seeds for the rubber-producing guayule shrub which would be planted in large acreages to enable commercial production of natural rubber.

Seed production will be centred in Arizona, California, New Mexico and Texas. Where weather and climate are suitable for propogation and where an estimated 5m acres of land could support guayule production, the USDA said.

In 1979 the U.S. imported over 760,000 tonnes of natural rubber.

In Houston, Texas, meanwhile, the International Institute of Synthetic Rubber Producers forecast rubber consumption in western Europe will grow at an annual rate of 1.8 per cent during the 1980s.

Over the same period, the share of the market held by synthetic rubber should rise slightly to 65.7 per cent in 1990 from 64.2 per cent in 1980, the Institute said in a 10-year forecast of rubber consumption compiled by its European Section Statistical Committee.

Deepening recession was the biggest contributor to a drop in total rubber consumption between 1979 and 1980, Institute manager Mr. Milton Rhoad said.

The projection of a turnaround into a period of modest growth matches the general economic outlook for western Europe, he added.

Reuter

AUSTRALIAN FARMING

Heading for a record in spite of drought

BY COLIN CHAPMAN IN SYDNEY

ONE OF AUSTRALIA'S worst droughts in history has left farmers in New South Wales, Western Australia and Queensland saddled with debt, and government aid is likely to total £45m, but the rural sector appears to be more buoyant than for many years.

In spite of the drought, which has led to a 12 per cent cut in the volume of exports, the high prices pertaining are expected to lift values by nearly 4 per cent to a record £4,395m.

Dryland crops have been the hardest hit. Although a record 11.5m hectares were sown to wheat in 1980, overall production is estimated at 10.8m tonnes, with a forecast value of $1.785m.

But in New South Wales the wheat production cut is estimated at only 2.7m tonnes, which is 55 per cent down on each of the previous two years. According to Jack Hallam, New South Wales Minister for Agriculture, crops totalling £36m have been lost to date and this figure will escalate by another £25m if the drought continues through the summer. In Western Australia a third of the agricultural areas, where most of the state's wheat is grown, are declared drought stricken, with some districts now in their fourth or fifth year.

Even so, most experts echo the view of Mike Ahern, the Minister for Primary Industries and Commerce. He said: "some producers have had two or three crop failures on end, but the industry expects farmers will plant even larger additional areas after the drought breaks in an effort to improve their financial situation. The grain industry still has a bright future and is looking to double its production before the turn of the century," he said.

On average, livestock industries have not been as badly affected as gains. Stock levels are low, and although individual hardship stories abound, and the press is full of pictures of striken animals, few farmers seem to be giving up. Indeed the reverse is the case—there is a steady demand for rural properties, with prices rising this year by 15 per cent.

Cattle numbers in Australia are forecast to decline by 1.6 per cent to 25.8m in the year ending in March, and the Bureau of Agricultural Economics estimated a decline of beef and veal production of 2 per cent to £1,225m. The gross value of sheep and lamb slaughtered and sheep exported live is forecast by the BAE to rise by 11 per cent to £340m—but this is due to higher prices.

Again New South Wales has been the hardest hit. The Department of Agriculture says that the high level of female kill in the cattle industry has reduced the base breeding herd to a point where, given reasonable conception rates, it would take at least four years to restore herd numbers to the pre-drought level of 5.8m.

NSW also estimated a loss of at least £45m in the wool clip and £17m in the dairy industry. But again the saleyard price of sheep in 1981 is expected to rise sharply, providing a strong incentive for rebuilding stock numbers. Flock numbers have fallen by such an extent that it will be at least two years before they are back to pre-1980 levels.

"Overall, the outlook is excellent," said Ken Dingwall, managing director of Metromeat, which expects record average prices through 1981. Bob Jones, chairman of the Australian Meat and Livestock Corporation, said beef producers had experienced difficulties, but "firm prices and reasonable conditions in some areas have allowed most producers to avoid serious losses."

As a senior official of Elder Smith Goldsborough Mort put it: "Producers have always been able to find somewhere to put their stock, especially in Victoria where conditions were good."

Bumper U.S. wheat crop possible

WASHINGTON — The U.S. Agriculture Department has said high wheat prices may mean some increase in spring wheat acreage this year.

This, coupled with the record area seeded to winter wheat last autumn, could mean total 1981 wheat output will reach record levels, it said.

In a summary of its wheat situation report, the USDA noted that moisture conditions in some areas have not been favourable and weather in coming months will determine final production.

However, assuming larger supplies in the 1981-82 marketing year (June-May), strong demand will be needed to support prices, USDA said.

The Department said foreign wheat stocks for 1980/81 are being drawn down, particularly in the main exporting countries, and thisw ould appear to favour larger U.S. exports. "But draw-down also encourages expansion of foreign wheat area and could result in increased world wheat production," it said.

If that happens, only modest gains are likely in U.S. exports and farm prices, but any production shortfalls in key countries would inteisify upward price pressures, it said.

The Department noted the 1980-81 wheat marketing year is well past the halfway mark and disappearance has been brisk, but large wheat supplies continue to dominate the market and continued heavy use would result in June 1 stocks only slightly above a year ago.

The USDA said about half of the projected 909 bushels in stock are expected to be in the farmer-owned grain reserve or owned by the Commodity Credit Corporation.

The USDA said large outstanding wheat sales and accelerated loadings in January indicate wheat exports for the season should be about 1.5bn bushels.

The final tally of the 1980 world wheat crop will shortly be completed, and the total crop of around 433m tonnes, while only slightly above the 1979 level, will stil be the second largest ever, it said.

Reuter

Disease hits Syrian olive

NEARLY 500,000 olive trees in Syria have been hit by what the Syrian Ministry of Agriculture refers to as the "accidental phenomenon," a U.S. Agriculture Department attaché reported from Damascus.

Agriculture experts are trying to pinpoint the source or cause of the fungus disease, which causes new olive branches to wither.

The loss to date is estimated at 5m Syrian pounds and could go higher if remedies are not found quickly, it said. Reuter.

Bauxite chiefs in Jamaica

By Canute James in Kingston

CHIEF EXECUTIVES of bauxite and alumina companies operating in Jamaica are to meet Mr. Edward Seaga, Prime Minister and Mining Minister, to discuss ways of expanding production.

The invitation from the Prime Minister has gone to the heads of Alcoa, Alcan, Kaiser, Reynolds and Anaconda.

Two bauxite refiners, Alcan and Alpart — the latter owned by Kaiser, Reynolds and Anaconda — recently brought their plants up to full rated capacity of 1.1 and 1.2m tonnes.

The Jamaican Government is keen on bringing the rate of mining to over 15m tonnes a year.

Big jump in EEC sugar exports

BY OUR COMMODITIES STAFF

THE EEC Commision yesterday authorised a big increase in sugar exports from the Community. At its weekly selling tender the Commission agreed to the export of 80,000 tonnes of white sugar; 15,000 tonnes of raw sugar; and 28,000 tonnes of cane sugar from French overseas departments.

Last week the sale of 43,005 tonnes of white sugar was authorised and it was felt that an increase was required if the EEC is to dispose of its surplus sugar this season.

However the rise was achieved in spite of the export levy being fixed higher than expected at 3.619 European currency units per kilo. The levy was fixed at 2.95 units on the 15,000 tonnes raw sugar sales, and 3.87 on the 28,000 tonnes of cane sugar sales.

The London daily price for raw sugar was lifted yesterday by £17 to £252 a tonne. On the futures market the May position gained over £8 to close at £273.85.

Tea exports from Uganda resumed

MITCHELL COUTTS, the British multi-national company, will resume tea exports from Uganda this month, a director of the company, Sir David Scott said.

Sir David said the first shipment through the Kenyan port of Mombasa will be about two tons. Mitchell Coutts was forced out of Uganda during the rule of former dictator Idi Amin. The company took over its tea plantations again more than a year ago.

Sir David said about 370 hectares—925 acres—were producing tea, about 75 per cent of the area of two Mitchell Coutts plantations east and west of Kampala.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Firmer on the London Metal Exchange. After opening at £798 three months dipped to £794 in anticipation of further offerings from the heavy seller of the previous day. This failed to materialise, however, and the price quickly moved up to close the morning Kerb at £799 following short covering. In the afternoon forward metal gained further ground, in the wake of the gold price, and finally closed the late Kerb at £801. Turnover: 19,650 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	773.5-4	+7.5	777-8	+5.25
3 months	796.5-7	+5.25	800.5-1	+4.5
Settlem't	774	+7	—	
Cathodes				
Cash	763.5-4.5	+11	768-9	+8.75
3 months	783-4	+8	787-8	+7.75
Settlem't	764.5	+10.5	—	.....
U.S. Prod.	—		*85	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £772, 73.5, three months £796, 95.5, 95, 94, 94.5, 95, 95.5, 96.5, 97. Cathodes, cash £761, 62.5, 63, 64, three months £783. Kerb: Wirebars, three months £799, 800, 01, 2, 1. Afternoon: Wirebars, three months £798, 99, 98.5, 99, 800, 800.5. Cathodes, three months £787. Kerb: Wirebars, three months £800.5, 800, 01.

TIN—Little changed in quiet and routine trading ahead of the closure of the Penang market for the Chinese New Year. Forward metal traded in a narrow range before easing to close the late Kerb at £5,980 following light hedge selling. Turnover: 775 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5855-60	-22.5	5850-70	+5
3 months	5985-90	+30	5980-85	-10
Settlem't	5860	+25	—	.....
Standard				
Cash	5855-60	-22.5	5850-70	+5
3 months	5985-90	+30	5980-95	-7.5
Settlem't	5860	-25	—	.....
Straits E.	$1830.60	+0.14	—	.....
New York	—			

Morning: Standard, cash £5,865, 60, three months £6,018, 05, 5,995, 90. Kerb: Standard, three months £5,995. Afternoon: Standard, three months £5,990, 80. Kerb: Standard, three months £5,990, 85, 80.

LEAD—Firmer on short covering prompted by the rise in copper. Three months opened at £289 and rose to £294 before ending the late Kerb at £293. Turnover: 8,900 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	284-.5	+7.5	285.5-6	+7.75
3 months	294-.5	+6	294.5-5	+7
S'ment	284.5	+7.5	—	.....
U.S. Spot	—	.....	*30-2	.....

Morning: Cash £284, three months £292, 93, 93.5, 94, 93.5, 94.5, 95, 94.5. Kerb: Three months £294.5, 94. Afternoon: Three months £293, 93.5, 94, 95, 94, 94.5, 95. Kerb: Three months £295, 94.5, 93.5, 94, 93.5.

ZINC—Steady in quiet trading which saw three months move narrowly prior to closing the late Kerb at £320.5. Turnover: 9,700 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	308-.5	-.75	309-.5	-.5
3 months	320.5-1	.....	320.5-1	.....
S'ment	309.5	-1	—	.....
Primw'ts	—	.....	*41.5	.....

Morning: Three months £322, 21.5, 21, 20.5, 21. Kerb: Three months £322, 21.5, 22. Afternoon: Three months £322, 21.5, 21.25, 21. Kerb: Three months £321.5, 21, 21.5.

ALUMINIUM—Firmer but well below the day's highest levels. Three months moved up from £620 to £631 by the close of the morning Kerb owing to short covering and light fresh buying. However, in the afternoon, profit-taking and the absence of any further buying interest saw the price drop back to close the late Kerb at £620.5. Turnover: 10,625 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	609-10	+6.5	607-8	+3
3 months	628.5-9	+5.75	625-6	+2.25

Morning: Three months £623, 23.5, 24, 25, 26, 27, 28, 28.5. Kerb: Three months £629, 28, 29, 31, 30.5, 31. Afternoon: Three months £627, 26, 27, 28, 27, 26, 25. Kerb: Three months £626, 25, 24, 23, 22, 21, 20.

NICKEL—Barely changed in subdued trading with forward metal closing the afternoon Kerb at £2,685. Turnover: 474 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2720-30	-10	2715-25	-10
3 months	2690-5	-16.5	2680-5	-12.5

Morning: Three months £2,680, 83, 84, 83, 85. Kerb: Three months £2,695. Afternoon: Early March £2,703, three months £2,680. Kerb: Early March £2,703, three months £2,680.

SILVER

Silver was fixed 34.05p an ounce higher for spot delivery in the London bullion market yesterday at 566.75p. U.S. cent equivalents of the fixing levels were: spot $13.33, up 86c; three-month $13.866, up 87.3c; six-month $14.[illegible], up 88c; and 12-month $15.38 up 92.8c. The metal opened at 554p-[illegible] ($13.2) and closed at 561p-[illegible] ($13.45).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	566.75p	+34.0	567.5p	+19.5
3 months	583.75p	+34.0	584.5p	+19.0
6 months	599.00p	+30.5	—	.....
12 months	635.00p	+30.8	—	.....

LME—Turnover 143 (120) lots of 10,000 ounces. Morning: Three months 586, 90, 89, 88. Kerb: Three months 590, 91. Afternoon: Three months 587, 86, 88, 83, 85. Kerb: Three months 585, 84.

WOOL FUTURES

LONDON NEW ZEALAND—CROSS-BREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kg. March 348, 353, 352, 3; Aug. 360, 359, 360-359, 2; Aug. 372, 376, 372-372, 2; Oct. 378, 382, nil, nil; Dec. 380, 383, 383-382, 2; Jan. 382, 386, nil, nil; March 385, 389, nil, nil; May 387, 389, nil, nil; Aug. 387, 391, nil, nil. Sales: 9.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 486.0, 486.0, 486.0-485.0, 139; May 495.0, 496.0, 496.0-496.0, 177; July 508.2, 508.5, 508.5-507.0, 384; Oct. 504.5, 505.0, 505.0-504.5, 56; Dec. 508.5, 509.0, 509.0-508.0, 90; March 516.0, 517.0, 518.0-514.1, 37; May 520.0, 521.0, 521.0-520.0, 6; July 525.0, 530.0, 528.0-526.0, 10. Sales: 899.

COCOA

During a featureless day cocoa futures remained steady trading within a narrow range of £5 to close with marginal gains. Although small cocoa bean business was modest with producers remaining withdrawn good off-take was found amongst consumers for cocoa products, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	843-844	+2.0	845-840
May	869-870	+2.0	870-866
July	895-896	+2.0	896-892
Sept.	917-918	—	919-915
Dec.	946-947	+2.0	947-942
March	970-971	+4.0	970-966
May	991-992	+2.5	992-986

Sales: 2,194 (2,783) lots of 10 tonnes.

ICCO Futures—Daily price for Feb. 3: 91.24 (92.94): 5-day average 92.74 (93.09).

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	986-988	-10.5	992-82
March	1012-14	-12.5	1020-08
May	1024-30	-10.0	1032-22
July	1042-45	-11.0	1045-40
Sept.	1042-50	-12.0	1047
Nov.	1050-75	-4.5	—
Jan.	1050-70	-16.0	—

Sales: 1,674 (2,073) lots of 5 tonnes.

ICO Indicator prices for February 3. (U.S. cents per pound.) Other Mild Arabicas 123.83 (124.33) Robustas ICA 1976 116.75 (118.00): ICA 1968 117.00 (118.25). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Old crops opened 10-20p higher on wheat and 15p higher on barley. Some initial buying interest was seen but continued selling pressure on March from shipper and commercial sources depressed values despite underlying support. Fairly active trade was seen and values closed 10-20p lower on the day. In reasonably quiet trade values eased 20-30p. New crops saw some support on wheat but trade was generally quiet with values closing unchanged to 10p down on wheat, 5-15p down on barley, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Mar.	106.95	-0.10	96.85	-0.30
May	111.00	-0.15	100.45	-0.25
July	114.90	-0.20	—	—
Sept.	99.75	-0.85	94.20	+0.10
Nov.	103.45	-0.15	97.95	-0.85
Jan.	107.30	.....	101.55	-0.05

Business done — Wheat: March 107.20-106.90, May 111.25-110.85, July 115.25-114.90, Sept. 99.70-99.70, Nov. 103.45-103.45, Jan. 107.20-107.20. Sales: 346 lots of 100 tonnes. Barley: March 97.15-96.85, May 100.60-100.40, July and Sept. no trade, March 928.00-97.95, Jan. 101.55-101.55. Sales: 198 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent March 112.00, trans shipment east coast seller. U.S. Hard Winter 13½ per cent Feb. unquoted. March and April 108.75 trans shipment east coast seller. English Feed fob April-June 115.75 east coast seller. Maize: S. African Yellow Feb.-March 86.50 seller. Barley: English Feed fob April 103.75, April-June 104.50 paid east coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 109.50, E. Midlands 107.00. Feed barley: Eastern 96.40, E. Midlands 96.50, N. East 95.20, Scotland 94.80.

The UK Monetary Coefficient for the week beginning Monday, February 9, is expected to change to 0.818.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 64 tonnes, bringing the total for the week so far to 478 tonnes. Slow uptake brought relatively little demand. Minor orders concerned Central American and various African qualities.

RUBBER

The London physical market opened unchanged, with little interest throughout the day, closing quiet, Lewis and Peat reported.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Mar.	58.80-58.00	57.10-58.40	—
Apr.	58.20-59.00	58.70-59.20	—
Apr-Jne	59.90-60.00	60.10-60.20	59.90-59.80
Jly-Sept	65.70-65.30	65.30-65.40	65.30-65.10
Oct-Dec	66.30-66.40	66.40-66.50	66.30-66.20
Jan-Mar	69.20-69.30	69.30-69.40	69.30
Apl-Jne	72.20-72.30	72.30-72.50	72.50
Jly-Sept	75.20-75.30	75.30-75.50	75.30
Oct-Dec	78.20-78.30	78.40-78.50	78.30

Sales: 120 (73) at 15 tonnes and none at 5 tonnes. Physical closing prices (buyer) were: Spot 56.50p (56.00p); March 61.00p (same); April 61.50p (same).

SOYABEAN MEAL

The London market opened £1.50 on follow through strength from Tuesday, reports T. G. Roddick. Prices failed to hold gains and profit-taking pushed them 50p lower on the day.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	118.00-30.0	+2.0	—
April	125.70-24.5	-0.40	126.40-24.60
June	127.00-27.5	-0.60	129.00-27.80
August	128.00-29.2	-0.65	131.00-29.00
October	128.50-28.0	-0.85	—
December	128.50-30.5	-1.25	—
February	130.00-32.0	-1.25	—

Sales: 90 (388) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £252.00 (£235.00) tonne cif for Feb.-March shipments. White sugar daily price was £285.00 (£272.00).

No. 4 Contract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mar.	269.00-69.50	260.75-60.90	271.00-60.00
May	273.75-73.95	265.50-66.00	276.00-64.50
Aug	276.00-75.50	264.75-65.00	274.00-65.00
Oct	268.50-68.75	260.75-61.00	270.00-61.00
Jan	249.00-50.00	245.00-48.00	249.00
March	250.00-51.50	243.00-45.00	251.50-45.00
May	248.00-50.00	243.00-44.00	—

Sales: 12,840 (10,779) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £338.50 (£321.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for February 3: Daily price 23.30 (24.35): 15-day average 25.95 (26.99).

POTATOES

LONDON POTATO FUTURES—The market traded in a narrow range again, with the closing tone steady, reports Coley and Harper. Closing prices: Feb. 42.10 +10 (no trade); April 57.80 +40 (high 57.80, low 57.30); Nov. 53.90 −10 (high 54.10, low 53.80). Turnover: 77 (137) lots of 40 tonnes.

*

HIDES—Leeds: Marginally weaker. Second clears. Ox 31/35.5 kg, 36.5p a kg (38p a kg); 26/30.5 kg, 37.6p a kg withdrawn (39.5p); 22/25.5 kg, 45p (45.2p). Light cows 36.5p a kg withdrawn (37p).

*

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £3.00-£4.20, codlings £1.80-£2.40; large haddock £4.00-£5.70, medium £3.20-£4.50, small £2.80-£3.00; large plaice £4.00, medium £4.50, best small £2.60-£4.00; rockfish £2.00-£2.40; reds £1.00-£2.40; saithe £3.40-£3.80.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 69.0 to 72.5; Eire hindquarters 78.0 to 82.0, forequarters 54.0 to 57.0. Veal: Dutch hinds and ends 106.0 to 110.0. Lamb: English small 58.5 to 65.5, medium 58.0 to 64.5, heavy 54.0 to 62.0. Imported frozen: NZ pl 57.0 to 57.0. Pork: English, under 100 lbs 42.0 to 49.0, 100-120 lbs 41.5 to 47.0, 120-160 lbs 38.8 to 44.8.

MEAT COMMISSION—Average fatstock prices at representative markets on February 4. GB cattle 84.20p per kg lw (+1.34). UK sheep 148.92p per kg est dcw (+10.58). GB pigs 66.24p per kg lw (+0.72).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.20-5.05; Spania: Navels 48/64/80 3.40, 70 3.20, 80/90/100 3.00, 112 3.00, 135/150 3.00; Moroccan: Navels 56/125 3.80-4.20; Cypriot: Shamoutis 15-kg 42/112 3.00; Egyptian: 72/125 2.50-2.80. Sours—Seville: 6.00. Lemons—Spania: Trays 25/54 2.20-2.40; Cypriot: 10-kg 4.00-4.50; Greek: 2.40; Italian: 100/120 4.00-4.50; S. African: 80/100 6.50-7.00; Californian: 95/140 6.80-7.20; Jaffa: 105/125 6.00-6.20. Grapefruit—Cypriot: 20-kg 40/64 3.20-3.80; Jaffa: 20-kg 36 4.45, 40 4.50, 48 4.85, 56 4.30, 64 4.05, 75 3.85; Egyptian: 30/100 2.50. Pomelos—Jaffa: 10/18 6.50. Satsumas—Spania: 90/105/125 2.80, 144/164 2.50, 168 2.20, 192 2.00. Wilkings—Jaffa: 22-lb 80/90 4.20-4.30. Apples—French: Starkcrimson 40-lb 4.60-5.50, Golden Delicious 20-lb 72 2.40, 84 2.00, 40-lb 125/175 4.20-5.00, Granny Smith 40-lb 4.80-5.80, 20-lb 72 3.00, 84 2.40; Italian: 40-lb Romes 60/70 3.80, Granny Smith 18/20-lb 60/70 2.50; Hungarian: Starking 44-lb 6.00; Canadian: Red Delicious 135/150 9.00-9.50, McIntosh Reds 160/180 7.00; U.S.: Red Delicious 9.60-10.00; Belgian: 28-lb, per pound Cox's 0.10-0.12; Dutch: 28-lb, per pound 0.11. Pears—Dutch: Conference per pound 0.14; Italian: Passacrassana 0.10-0.12; S. African: Williams Bon Chretien 35-lb 6.00-6.20. Plums—S. African: Gaviotas 2.75-4.40, Santa Rosa 3.00-4.30, Hary Pickstone 3.20-3.85. Grapes—Spanish: Almeria 3.20.

PRICE CHANGES

	Feb. 4 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	.....	£810.815
Free Mkt	$1415/1445	.....	$1475/505
Copper			
Cash w'bar	£777.5	+5.25	£790
3 mths	£800.75	+4.5	£813.5
Cash Cathode	£768.5	+9.75	£773
3 mths	£787.5	+7.75	£796.5
Gold troy oz	$505.5	+17	$577.5
Lead Cash	£285.75	+7.75	£309.5
3 mths	£294.75	-6.5	£321.25
Nickel	£3,226.57	.....	£3,226.57
Freemkt	280/295c	.....	286/300c
Platin'mt'y oz	£202	.....	£202
Freemkt	£205.45	+8.55	£238.10
Quicksilver†	$380/390	+5	$355/365
Silver troy oz	566.75p	+34.05	652.70p
3 mths	583.75p	+34.05	677.10p
Tin Cash	£5,860	+5	£6,237.5
3 mths	£5,987.5	-7.5	£6,347.5
Tungsten22.04lb	$144.72	+0.82	$140.56
Wolfrm 22.04 lb	$148/151	.....	$145/47.5
Zinc Cash	£309.25	-0.50	£331
3 mths	£320.75	.....	£343.5
Producers	$823	.....	$823
Oils			
Coconut (Phil)	$600x	.....	$595
Groundnut			
Linseed Crude	£408	.....	£450
Palm Malayan	$640y	.....	$627.5
Seeds			
Copra Philip	$415	-5	$415
Soyabean(U.S.)	$314	+10.25	$339
Grains			
Barley Futures	£100.45	-0.25	£98.85
Maize			
French			£119.75
Wheat			
No 1 Red Spg.			
No2 HardWint	£106.75w	.....	£104.75
Eng. Millingt			
Other commodities			
Cocoa ship't	£929	+2	£947
Future May	£869.5	+2	£896.5
CoffeeF t'May	£1013	-12.5	£1032.5
Cotton A.Index	97.55c	+0.20	101.15c
Rubber (kilo)	56.50p	+0.50	57p
Sugar (Raw)	£252	+17	£315
Woolt'ps 64s kl.	307p kilo	.....	294p kilo

† Unquoted. w March. x March-April. v Feb.-March. y April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

AMERICAN MARKETS

NEW YORK, February 4.

PRECIOUS METALS were very choppy with heavy commission house and trade selling pressuring values late in the day. Copper was slightly higher on light commission house interest. Heavy commission house liquidation developed in sugar and coffee on the failure to attract trade interest. Cocoa attracted light short covering by locals in featureless trade. Cotton was mixed. The livestock complex was also mixed with cattle higher on commission house support, while the pork complex was sharply lower on weakness in cash markets. The grain complex also closed weak on a general lack of commercial interest, reported Heinold.

Copper—Feb. 81.70 (81.15), March 82.60-82.80 (82.30), April 84.00, May 85.25-85.50, July 87.60-88.00, Sept. 89.90, Dec. 92.70, Jan. 93.65, March 95.45, May 97.00, July 98.55, Sept. 100.10, Dec. 102.40. Sales: 5,000.

Sugar—No. 11: March 25.20-25.45 (26.55), May 26.00-26.10 (27.08), July 26.30-26.40, Sept. 25.79, Oct. 25.45-25.50, Jan. 23.40, March 23.60-23.75, May 23.80, July —.

Tin—642.0-644.0 (640.0-645.0).

CHICAGO, February 4

Lard—Chicago loose 18.75 (19.00).

Live Cattle—Feb. 61.10-61.00 (61.17), April 65.75-65.70 (65.55), June 68.25-68.15, Aug. 68.87-68.95, Oct. 67.20-67.07, Dec. 68.22, Feb. 69.15.

WINNIPEG, February 4 §Barley—March 154.30 (154.80), May 154.70 (154.80), July 154.70, Oct. 155.50, Dec. 153.80.

Live Hogs—Feb. 43.25-43.40 (44.12), April 46.29-46.30 (46.62), June 50.65-50.50, July 52.05-52.20, Aug. 51.67, Oct. 50.35, Dec. 53.47, Feb. 55.95, April 55.90.

‡‡Maize—March 362-361¼ (364¼), May 372-371¼ (374¼), July 378-377¼, Sept. 374½-375, Dec. 373-373¼, March 361¼.

Pork Bellies—Feb. 51.80-51.65 (53.05), March 52.40-52.20 (53.57), May 54.10-54.20, July 56.15-56.30, Aug. 55.55-55.45, Feb. —.

Silver—Feb. 1280.0 (1317.0), March 1291.0 (1331.0), April 1305.0, June 1341.0, Aug. 1377.0, Oct. 1413.0, Dec. 1449.0, Feb. 1485.0, April 1521.0, June 1557.0, Aug. 1593.0, Oct. 1629.0, April 1737.0, June 1773.0, Aug. 1809.0.

†Soyabeans—March 752-753¼ (762½), May 778-779½ (789¼), July 802-803½, Aug. 808, Sept. 810, Nov. 822-822½, Jan. 840, March 860.

‖Soyabean Meal—March 221.5-221.2 (224.5), May 229.5-229.8 (232.2), July 235.5, Aug. 238.0-239.0, Sept. 240.0-241.0, Oct. 239.0, Dec. 242.0, Jan. 243.5, March —, May —.

Soyabean Oil—March 23.45-23.75 (23.85), May 24.25-24.16 (24.63), July 25.00, Aug. 25.30, Sept. 25.60, Oct. 25.90, Dec. 26.50, Jan. 26.60-26.70, March 27.10-27.20, May —.

†Wheat—March 472-471½ (478¾), May 479¾-479½ (495½), July 466¾-467, Sept. 478-478½, Dec. 500½-501, March 518.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¢ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

††Cocoa—March 1885 (1870), May 1945 (1920), July 2007, Sept. 2057, Dec. 2127, March 2187, May —, July —. Sales 1,965.

Coffee—"C" Contract: March 119.60-120.01 (121.97), May 125.25-125.26 (127.02), July 127.51-127.60, Sept. 129.60-130.00, Dec. 128.75-129.50, March 127.00, May 128.50-129.00, July 129.00-135.00. Sales 1,280.

Cotton—No. 2: March 90.05-90.30 (88.55), May 91.30-91.40 (90.02), July 91.75, Oct. 86.90-87.15, Dec. 83.75-84.00, March 84.75-85.00, May 85.25-85.75, July 86.00-86.25. Sales 8,000.

*Gold—Feb: 493.0-496.0 (482.0), March 499.0 (486.5), April 504.5-506.0, June 516.0-518.0, Aug. 527.0-531.0, Oct. 540.5, Dec. 553.6, Feb. 564.0, April 577.8, June 590.0, Aug. 602.2, Oct. 614.4, Dec. 626.7. Sales 55,000.

Orange Juice—March 137.50-137.80 (135.25), May 139.70-139.80 (138.35), July 140.70-140.80, Sept. 142.00, Nov. 141.70, Jan. 137.50-137.75, March 139.00-139.10, May 140.25, July 140.70-141.25. Sales 3,000.

*Platinum—Feb. 464.4-466.0 (446.0), March 471.7 (451.7), April 476.7, July 496.2, Oct. 515.7, Jan. 535.7, April 555.7. Sales 1,742.

*Silver—Feb. 1290.0 (1282.0), March 1309.0-1315.0 (1297.0), April 1329.3, May 1345.0-1350.0, July 1384.0, Sept. 1419.0, Dec. 1470.0, Jan. 1489.0, March 1523.5, May 1558.0, July 1592.5, Sept. 1627.0, Dec. 1679.0. Sales 4,500. Handy and Harman bullion spot 1295.0 (1299.0).

CHICAGO, February 3. Chicago Imm Gold—Feb. 492.3 (480.0), March 499.0-499.0 (488.3), April 504.8, June 517.0-518.0, July 523.5, Sept. 535.8, Oct. 542.0, Dec. 554.4, Jan. 560.6, March 573.1.

WINNIPEG, February 3. §Barley—March 154.80 (151.50), May 154.80 (151.90), July 155.00, Oct. 156.00, Dec. 154.40.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 280.45 (280.0).

EUROPEAN MARKETS

ROTTERDAM, February 4

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Feb. $230, March $232, April $233, May $232. U.S. No. Two Red Winter March $222, April $224, May $228. U.S. No. Two Northern Spring 14 per cent March $242, April $210, May $223, May $222, June $222, July $224.

Maize—Spot $172.50, April $170, Feb. $170, March $170.75, April/June $177, July/Sept. $180.50, Oct./Dec. $177, Jan./March $188.

Soyabeans—U.S. Two Yellow Gulfports Feb. $308, March $314, April $320, May $323.25, June $326, July $330, Aug. $333, Sept. $334, Oct. $333.50, Nov. $339.75, Dec. $341 options. Argentine/Paraguay/Gulf/Brazil May $320, June $322, July $325 sellers.

Soyameal—44 per cent protein U.S. April $274, Feb. $274, March $262, April $286, April/Sept. $298, Nov. March $307. Brazil Pellets April $285, Feb./March $287.50, April/Sept. $306.50.

PARIS, February 4

Cocoa (FFr per 100 kilos)—March 945/60, May 970/90, July 985, Sept. 1030/40, Dec. 1065/75, March 1080/1100. Sales at call 1.

Sugar (FFr per tonne)—March 3310/15, May 3255/58, July 3210/50, Aug. 3220/25, Oct. 3090/150, Nov. unquoted, Dec. 2920/3000. Sales at call 18.

INDICES

FINANCIAL TIMES

Feb. 5	Feb. 2	Month ago	Year ago
253.83	252.34	265.03	309.05

(Base: July 1, 1952=100).

DOW JONES

Dow Jones	Feb. 3	Feb. 2	Month ago	Year ago
Spot	422.46	418.64	483.45	449.75
Fut'rs	440.90	437.04	472.66	460.67

(Average 1924-25-26=100)

MOODY'S

Feb. 3	Feb. 2	Month ago	Year ago
1168.5	1160.2	1241.6	1449.8

(December 31, 1931=100)

REUTERS

Feb. 4	Feb. 3	M'nth ago	Year ago
1698.6	1676.6	1737.3	1832.6

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Gilts and equities maintain upward momentum awaiting today's MLR decision—Golds recover on bullion price

Account Dealing Dates

Option *First Dealings	Declara-tions	Last Dealings	Account Day
Jan. 26	Feb. 5	Feb. 6	Feb. 16
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23

* "New time" dealings may take place from 9 am two business days earlier.

Growing hopes of an early reduction in Minimum Lending Rate—some will be disappointed in the absence of a cut today—lent further strength to London stock markets yesterday. Gilt-edged were looking particularly good until late afternoon reports that the waterworkers had rejected the latest pay offer turned the market a shade softer.

Closing gains still ranged to ¼, after ⅜, in longer-dated stocks with the emphasis on medium-life issues. The shorts, on the other hand, were restrained reflecting the possibility of an imminent new tap offer in this area and ended with only marginal improvements; an exception was provided by Exchequer 12¼ per cent 1985, up ⅜ at 97¾.

South African Gold shares featured the day's chief price changes on widespread buying in a thin market. The movement followed the overnight U.S. trend, and was helped along by a reasonably sharp rally in the recently depressed price of gold bullion. The metal jumped $17 to $505½ an ounce, and the FT Gold Mines index recovered 19.3 to 303.5.

Leading equities got off to a slow start and closed with an irregular appearance, thoughts about the underwriting in progress for the £150m flotation of British Aerospace being a likely inhibiting factor. Speculation that ICL's banks could be pressing the group for a recovery plan after its first-quarter loss of £20m was another dampening influence.

However, the FT 30-share index picked up 2.3 more for a five-day rally of 19.5, over 4 per cent, to 478.9. Hopes of lower interest rates, the main driving force, were again in evidence yesterday in Building and Contracting shares and in renewed firmness among Properties.

The prospect of cheaper money did nothing for the Banking sector which was one of the few equity sections to ease, although yesterday's tone became much steadier after recent weakness on worries engendered by reports about the imposition of a "windfall" profits tax in next month's Budget.

A relatively active day in Traded options resulted in 1,468 deals being arranged with business widely spread among those stocks in issue. A resurgence of demand for BP positions saw the April 500's contribute 110 trades out of 289, while Lonrho again accounted for a major share of the action with 239 trades, 114 of which were arranged in the August 110's. Courtaulds, Grand Metropolitan and P and O attracted 247, 169 and 142 deals respectively.

Activity in the Banking sector was light. The clearers opened a shade easier but later reverted to overnight levels with the exception of Natwest, 3 lower at 365p. Elsewhere, Bank of Scotland gained 5 to 295p. Awaiting bid developments, UDT hardened the turn to 60p in Hire Purchases, among which Provident Financial put on 5 to 128p.

Insurances enjoyed busier conditions and some Composites closed 6 higher, including General Accident, 308p, and GRE, 320p. In Life issues, Equity and Law closed the same amount better at 340p, while Britannic gained 4 to 256p and Legal and General 3 to 225p. Bankers, however, were dull with Willis Faber 5 lower at 275p and Stenhouse 2 off at 84p.

Renewed hopes that the sector might escape lightly in the coming Budget prompted good quality support for Breweries. An easier tone was discernable after the "House" close, but gains still ranged to 7. Bass ended that amount up at 207p, after 210p, while Whitbread firmed a similar amount to 151p. Scottish and Newcastle rose 2½ to 62½p, after 63½p.

Cheaper money hopes stimulated fresh investment buying of Building issues. The leaders were particularly prominent and Tarmac rose 11 to 283p, while Blue Circle moved up 8 to 364p. Contractors were equally as impressive and Taylor Woodrow gained 8 to 473p, Newarthill 10 to 330p, while Marchwiel and J. Mowlem added 4 apiece to 88p and 130p respectively. Among smaller-priced stocks, H.A.T. advanced 2½ to a 1980/81 peak of 52½p.

Chemicals, on the other hand, were subdued and ICI managed an improvement of only 2 to 296p.

Grattan firm

Stores retained a quietly firm appearance. Buyers continued to show interest in Gussies A and the shares, due to go ex-dividend next Monday, touched 500p before settling for a net gain of 5 at 498p. Marks and Spencer added 2 more to 123p, as did British Home, at 149p. Away from the leaders, Currys were wanted at 299p, up 9, while Kean and Scott added a couple of pence to 44p. Among mail-orders, revived bid hopes lifted Grattan Warehouses 10 to 78p. Sumrie Clothes firmed a penny to 33p, while Peters, 94p, recovered 4 of the previous day's fall of 8. Austin Reed A continued to react on profit-taking after acquisition news and shed 6 more to 76p, after 74p.

Interest in the Electrical leaders petered out after the previous day's burst of buying. GEC drifted back a few pence to 632p, while Plessey closed a penny lower at 293p, after 291p. Racal, down to 330p at one stage, rallied to finish without alteration at 335p. Still reflecting the forecast of lower annual profits, Unitech encountered fresh offerings and lost 15 at 216p for a two-day fall of 36 to 216p. In sympathy, Electrocomponents shed 25 more to 640p, after 635p, and Farnell closed 3 lower at 350p, after 345p. Acquisition news prompted a gain of 3 to 78p in Security Centres.

Vosper responded to the company's report of record sales in January with a rise of 8 to 100p, but F. S. Ratcliffe contrasted with a fall of 8 to 56p on the passing of the interim dividend and the half-year pre-tax loss. Elsewhere in the Engineering sector, Duport remained an extremely nervous market and gave up 2 to 8p awaiting news of the group's meeting with Sir Keith Joseph. On the other hand, Press mention assisted a rise of 5 to 120p in British Aluminium. Among the leaders, Hawker became a relatively lively market and closed 8 to the good at 266p, while Vickers edged up 4 to 148p.

A shade firmer in the early trade, Tate and Lyle fell sharply following the announcement that the proposed closure of the Liverpool sugar refinery has been postponed, and the shares closed 6 lower on balance at 154p, after 152p. Other Food majors however, retained early rises and Associated Dairies ended 4 up at 176p, as did Rowntree Mackintosh, at 182p. Scattered support was also noted for Nurdin and Peacock, 248p, and Northern, 184p, both up around 5.

Hotels trended firmer where altered. Trusthouse Forte rose 8 to 211p, while Grand Metropolitan added 2 to 168p, after 169p, the latter in sympathy with the firm Brewery sector. Kennedy Brookes continued to draw strength from the preliminary figures and advanced 5 more to 97p.

ICL weaken

Comment on the company's trading prospects following the revelation of a £20m loss in the first quarter prompted renewed weakness in ICL which reacted to 31p before settling at 32p, down 10 on the day. Poor first-quarter trading results also caused dullness in Elson and Robbins, down 5 at 20p. Revived selling left Grimshawe Holdings 6 cheaper at 28p, but Powell Duffryn continued to attract buyers and put on 12 more to 247p. J. Bibby also found support and advanced 12 to 250p, while renewed demand lifted Davies and Newman 6 more to 116p. Press comment stimulated buying interest in cleaning issues, with Johnson Group prominent at 170p, up 11. Anglo American Asphalt, the subject of recent Press mention, were good at 41p, up 5. Revived bid speculation prompted a rally of 15 to 150p in Barget. Among leading miscellaneous industrials, BOC International met late support following reports of a broker's seminar and finished 6 to the good at 115p.

Leisure issues were featured by Horizon Travel, which jumped 11 to 177p in front of annual results expected shortly.

Motor Distributors continued to respond to sporadic support and Henlys closed 4 firmer at 77p. Kenning added 3 to 78p, while Arlington picked up 2 more at 89p. Among Components, Dunlop succumbed to late selling and eased a couple of pence to 59p.

Interest rate possibilities ensured Properties of a continued firm trend, but the features yesterday were confined to secondary stocks. The appointment of two new directors drew further support to Lynton, 8 up at a 1980/81 high of 262p. North British achieved a similar peak at 165p, up 4, while Warner Estate, 330p, and Mountview, 160p, closed around 6 higher. Gains of 4 were established by Samuel, 124p, Haslemere, 382p, and Thames Investment, 150p.

Oils harder

Interest in the Oil sector remained at a fairly low ebb but, after fluctuating narrowly, final quotations were usually a few pence firmer on balance. BP, 414p, and Shell, 430p, both ended 2 harder in the leaders. Elsewhere, KCA found support and put on 6 to 712p, while Premier edged up 3 to 99p. Sasol were also noteworthy for a rise of 7 at 142p. In contrast, Double Eagle showed renewed dullness at 160p, down 20.

Among Shippings, profit-taking clipped 3 from Milford Docks, 125p, while support was also lacking for British and Commonwealth, 6 off at 293p. Lyle, which has launched an agreed offer for Leadenhall Commodities, rose 3 to 325p.

Golds rally

South African Golds staged a strong recovery as the bullion price rallied $17 to close at $505.50 an ounce.

Share prices were marked up at the outset, reflecting strong gains in overnight American markets, and continued to improve throughout the day before easing a fraction on profit-taking in the after-hours' trade. The Gold Mines index regained 19.3 to 303.5.

In the heavyweights, "Amgold" stood out with a rise of £2 to £37¼, after £37¾, while Western Holdings recouped £1¼ to £28¼. Gains of £1½ were common to St. Helena, £16¾, and GFSA, £25¼, the latter following the second interim dividend and the more than doubled half-year profits.

South African Financials mirrored Golds. UC Investments advanced 55 to 440p in the wake of the record profits and sharply increased dividend, while Sentrust hardened 2 to 302p following the excellent interim dividend and profits.

The buying of Golds spilled over into Platinums which showed Impala 20 higher at 315p and Rustenburg 12 up at 228p.

Australians generally improved but closed on an uncertain note. Golds performed well with GMK 15 to the good, reflecting the increased half-year profits. Poseidon rose 7 to 227p, after 230p, North Kalgurli 3 to 63p, after 65p, and Kitchener 30 to 180p.

City of London Brewery little changed

Gross revenue of the City of London Brewery and Investment Trust rose to £1.93m in the year to December 31, 1980, compared with £1.92m, which included special non-recurring dividends of £179,000.

After providing for tax and the dividend on the preference and preferred ordinary stocks, the amount available for the deferred stock is £1.17m (£1.17m). If the net special dividends of £125,000 are excluded, this represents an increase of 11.5 per cent.

So far in the current year two quarterly dividends of 1.1p have been declared. The board expects, provided no unforeseen circumstances occur, to pay a total of 4.4p (4.2p) per deferred stock unit.

At December 31, 1980, net assets totalled £51m (£48.6m at June 30). Net asset values of the deferred stock units were 99.2p and 94.3p respectively.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1980, based on Tuesday, February 3, 1981.

Insurance (Life)	+11.85	Health and Household Products	+ 0.63
Hire Purchase	+10.54	Packaging and Paper	+ 0.44
Contracting, Construction	+ 9.05	Office Equipment	+ 0.22
Tobaccos	+ 6.40	Insurance Brokers	+ 0.10
Discount Houses	+ 5.63	Leisure	− 0.06
Insurance (Composite)	+ 4.74	All-Share Index	− 0.23
Building Materials	+ 4.46	500-Share Index	− 0.34
Property	+ 3.98	Merchants Banks	− 0.56
Stores	+ 3.45	Mechanical Engineering	− 1.00
Food Manufacturing	+ 2.79	Engineering Contractors	− 1.07
Textiles	+ 2.75	Food Retailing	− 1.42
Electricals	+ 2.60	Investment Trusts	− 2.32
Newspapers, Publishing	+ 2.17	Other Consumer	− 2.49
Financial Group	+ 2.09	Metals and Metal Forming	− 2.88
Consumer Group	+ 1.98	Other Groups	− 3.75
Capital Goods	+ 1.93	Oils	− 5.01
Industrial Group	+ 1.10	Motors	− 5.60
Other Industrial Materials	+ 1.38	Banks	− 6.56
Shipping and Transport	+ 0.97	Chemicals	− 6.82
Overseas Traders	+ 0.92	Mining Finance	− 9.38
Brewers and Distillers	+ 0.80	Gold Mines Index	−30.26

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Feb. 4, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues. Feb. 3 Index No.	Mon. Feb. 2 Index No.	Fri., Jan. 30 Index No.	Thurs., Jan. 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	293.25	+0.2	14.25	5.62	8.56	292.66	288.33	287.06	283.75	237.31
2	Building Materials (26)	258.79	+0.6	18.08	6.67	6.60	257.13	255.86	254.54	253.92	231.45
3	Contracting, Construction (26)	445.04	+0.9	20.49	5.71	5.86	441.03	438.33	432.21	429.48	355.39
4	Electricals (27)	978.31	−0.4	8.95	2.67	13.80	982.22	956.56	958.87	938.78	608.93
5	Engineering Contractors (11)	393.86	+0.2	15.14	6.57	8.42	393.23	398.90	384.97	382.88	286.96
6	Mechanical Engineering (71)	171.26	+0.8	17.09	7.77	7.32	169.83	168.45	167.28	166.16	164.10
8	Metals and Metal Forming (13)	133.45	—	19.76	12.51	6.41	133.39	132.73	130.27	127.61	161.84
9	Motors (21)	87.04	—	22.05	9.59	5.23	87.03	86.31	86.56	85.58	112.55
10	Other Industrial Materials (16)	293.36	+0.7	15.62	7.32	7.61	291.39	288.72	285.22	286.52	0.00
21	CONSUMER GROUP (198)	245.18	+1.0	15.55	6.45	7.80	242.86	240.18	239.15	238.37	214.71
22	Brewers and Distillers (20)	269.75	+1.7	17.28	6.78	6.86	265.32	263.97	262.91	264.70	250.35
25	Food Manufacturing (23)	219.26	+1.1	17.93	7.23	6.62	216.97	216.24	214.51	213.60	200.09
26	Food Retailing (14)	464.34	+1.2	10.05	3.45	11.76	458.72	455.99	455.90	455.49	297.84
27	Health and Household Products (7)	267.64	+0.7	9.94	5.33	11.96	265.74	257.62	256.71	253.85	209.69
29	Leisure (22)	350.69	+0.5	15.95	6.52	7.74	348.81	348.83	347.53	346.11	308.22
32	Newspapers, Publishing (12)	437.03	+0.7	20.88	7.14	6.21	434.18	428.96	424.56	424.76	435.78
33	Packaging and Paper (15)	115.63	+0.5	27.80	10.50	4.17	115.06	113.58	113.67	112.97	130.57
34	Stores (44)	256.92	+0.6	11.58	4.90	11.31	255.49	251.17	250.41	248.44	218.45
35	Textiles (21)	129.91	+1.4	19.78	10.39	6.61	128.11	125.80	125.72	124.45	130.75
36	Tobaccos (3)	215.35	+1.4	26.65	10.81	4.27	212.38	210.89	209.39	209.39	214.59
39	Other Consumer (17)	231.28	−0.4	16.49	9.24	7.42	232.22	233.20	232.42	233.64	0.00
41	OTHER GROUPS (79)	214.19	+0.9	18.36	7.97	6.52	212.32	211.15	210.75	209.71	204.51
42	Chemicals (15)	280.47	+1.3	20.85	9.46	5.61	276.87	274.86	276.08	273.90	300.41
44	Office Equipment (6)	102.12	+0.4	18.23	8.13	6.51	101.74	100.82	100.66	99.75	119.04
45	Shipping and Transport (13)	545.52	+0.5	13.93	6.75	8.81	542.72	542.35	541.27	538.46	451.73
46	Miscellaneous (45)	260.86	+0.6	16.98	6.53	7.24	259.24	258.11	255.56	255.55	241.55
49	INDUSTRIAL GROUP (488)	257.98	+0.7	15.47	6.36	7.84	256.25	253.27	252.25	250.62	226.78
51	Oils (12)	885.95	+0.4	27.11	5.94	4.11	882.00	881.25	883.02	875.34	740.91
59	500 SHARE INDEX	307.69	+0.6	18.08	6.25	6.51	305.78	302.96	302.16	300.04	267.48
61	FINANCIAL GROUP (118)	240.98	+0.5	—	5.54	—	239.66	239.33	240.09	239.26	193.94
62	Banks (6)	229.33	−0.4	44.51	7.42	2.69	230.66	232.71	239.25	239.89	224.12
63	Discount Houses (10)	306.84	+0.1	—	5.86	—	306.56	307.66	304.36	303.50	235.90
64	Hire Purchase (5)	220.79	+1.2	10.30	4.64	12.81	218.10	217.72	216.54	218.14	178.57
65	Insurance (Life) (10)	260.75	+1.0	—	5.06	—	258.11	257.69	254.66	253.17	164.93
66	Insurance (Composite) (9)	156.57	+1.5	—	7.47	—	154.23	152.72	151.92	150.50	128.98
67	Insurance Brokers (9)	315.74	−1.3	14.44	7.34	9.47	319.87	314.29	312.44	311.51	286.08
68	Merchant Banks (13)	147.52	+0.1	—	5.25	—	147.38	147.77	147.70	147.46	99.66
69	Property (45)	466.25	+0.8	3.18	2.65	43.64	462.75	461.26	460.55	459.65	353.45
70	Miscellaneous (21)	171.53	+0.2	15.99	5.40	7.95	171.16	172.06	173.43	173.13	127.92
71	Investment Trusts (109)	276.94	+0.6	—	5.47	—	275.33	276.35	275.70	275.15	214.99
81	Mining Finance (3)	208.21	+0.8	15.75	6.44	7.56	206.57	204.90	208.65	205.92	208.14
91	Overseas Traders (20)	431.84	−0.1	11.89	6.80	10.24	432.33	430.03	425.51	423.95	392.52
99	ALL-SHARE INDEX (750)	293.03	+0.6	—	6.10	—	291.33	289.33	288.97	287.20	250.57

FIXED INTEREST PRICE INDICES

	British Government	Wed., Feb. 4	Day's change %	Tues. Feb. 3	xd adj. today	xd adj. 1981 to date
1	Under 5 years	108.10	+0.12	107.98	—	0.89
2	5-15 years	110.38	+0.27	110.08	—	1.45
3	Over 15 years	114.73	+0.18	114.52	—	0.52
4	Irredeemables	129.10	+0.25	128.78	—	0.00
5	All stocks	110.81	+0.19	110.60	—	0.91

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Wed., Feb. 4	Tues. Feb. 3	Year ago (approx.)
1	Low Coupons	5 years	11.51	11.55	12.64
2		15 years	12.22	12.21	12.64
3		25 years	12.31	12.31	12.64
4	Medium Coupons	5 years	13.27	13.34	14.94
5		15 years	13.74	13.78	14.28
6		25 years	13.55	13.56	14.17
7	High Coupons	5 years	13.27	13.30	15.40
8		15 years	13.98	14.02	14.77
9		25 years	13.76	13.79	14.46
10	Irredeemables		11.46	11.49	11.68

		Wed., Feb. 4 Index No.	Wed., Feb. 4 Yield	Tues. Feb. 3	Mon. Feb. 2	Friday Jan. 30	Thurs. Jan. 29	Wed. Jan. 28	Tues. Jan. 27	Mon. Jan. 26	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.14	†14.20	52.12	52.17	52.15	52.06	52.05	52.05	52.03	51.53
16	Investment Trust Prefs. (15)	50.69	13.35	50.69	50.69	50.69	50.69	50.83	50.65	51.36	47.82
17	Coml. and Indl. Prefs. (20)	68.18	13.17	68.09	68.04	68.04	67.92	68.17	68.10	68.10	61.72

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
GEC	25p	9	632	− 3	635	326
ICL	25p	9	32	−10	196	31
BAT Inds.	25p	8	263	+ 5	295	223
Racal Electronics	25p	8	335	—	370	175
Unitech	10p	8	216	−15	364	195
Beecham	25p	7	180	+ 1	180	108
ORE	10p	7	147	− 6	153	92
Plessey	50p	7	293	− 1	294	108
Allied Breweries	25p	6	67	+ 1½	89	62
Grattan Warehouses	25p	6	78	+10	110	50
Reckitt & Colman	25p	6	180	+ 2	216	162
Shell Transport	25p	6	430	+ 2	522	314
Whitbread A	25p	6	151	+ 6	174	125
Barclays Bank	£1	5	385	—	482	327
Electrocomponents	10p	5	640	−25	790	413

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8
Mar. 9	Mar. 20	June 11	June 22

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Oil, Norfolk Capital, Turner and Newall, Highland Electric, Thomas Jourdan, Free State Geduld, ICL, Simmer and Jack, Sterling Credit A, Hampton Trust, KCA, Town and City Properties, Fisons, Acrow A, Woodside Laganvale and Bougainville. Puts were transacted in Metal Closures and NatWest, while doubles were arranged in Woodside, KCA, Lonrho and Lincroft Kilgour.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Amer. Comm. Inds.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Do. Notes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Independent Inv.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Midland Marts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	New Tokyo Inv Tst Wts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Parkfield Foundry	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pennine	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sonic Sound Audio	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Westpool Inv. Defd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Allied London 8¼% Cnv. Uns. Ln. 1999	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Chester Waterworks 9% Red. Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Crystalate [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Anglian Water 9% Red. Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Worcester 9% Red. Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Essex Waterworks 9% Red. Pref. 1985	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Iceland 14% 2016	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lon. Merchant Secs. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid-Sussex W'rw'ks [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Paterson (R.) [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Portals 9¼% Cum. Cnv. 1994-2000	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Standard Industrial [illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Benlox	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brotherhood P.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dividend Capital	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Johnson Matthey	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	KCA Intl.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	North Kalgurli Mines	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norton Opax	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Prestwich Parker	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Royal Insurance	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Security Centres	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Warren Plants	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FINANCIAL TIMES STOCK INDICES

	Feb. 4	Feb. 3	Feb. 2	Jan. 30	Jan. 29	Jan. 28	Year ago
Government Secs.	69.47	69.39	69.26	69.21	69.09	68.88	68.48
Fixed Interest	70.99	70.95	70.97	70.95	70.69	70.57	68.98
Industrial Ord.	478.9	476.6	467.6	466.3	463.1	469.4	455.9
Gold Mines	303.5	284.2	291.3	293.2	281.4	305.6	344.3
Ord. Div. Yield	7.45	7.48	7.62	7.64	7.71	7.76	7.17
Earnings, Yld. % (full)	16.66	16.73	17.03	17.32	17.38	17.58	17.66
P/E Ratio (net) (*)	7.34	7.31	7.18	7.10	7.04	6.99	6.96
Total Bargains	22,079	21,312	21,745	17,715	18,518	20,099	20,496
Equity turnover £m.	—	122.35	108.22	103.91	116.20	111.94	110.48
Equity bargains total	—	16,749	18,399	13,161	13,980	14,868	15,432

10 am 476.8. 11 am 476.7. Noon 478.5. 1 pm 479.4. 2 pm 479.5. 3 pm 478.7.

Latest Index 01-246 8026.

*Nil=8.78.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/3/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	556.9 (22/9/80)	265.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 4	Feb. 3
Daily		
Gilt Edged	150.3	142.1
Industrials	106.3	97.4
Speculative	29.4	30.8
Totals	75.6	68.5
5-day Avrge.		
Gilt Edged	123.6	116.2
Industrials	93.0	90.4
Speculative	32.3	33.4
Totals	65.5	63.6

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (71)

BRITISH FUNDS (8)
Treas. 9¾pc 1981; Exchqr. 12¼pc '81; Treas. 3pc 1982; Treas. 8¼pc 1982; Exchqr. 9¼pc 1982; Exchqr. 8¼pc 1983; Exchqr. 3pc 1983; Exchqr. 12¼pc 1999 B (£20 paid)

AMERICANS (1)
Bankers N.Y.

BEERS (1)
Morland

BUILDINGS (6)
Aberdeen Constr.; H.A.T. Group; Lilley (F. J. C.); Mowlem (J.); Smart (J.); Tunnel B

STORES (5)
Currys; Great Universal; Do. A; Kean & Scott; Marks & Spencer

ELECTRICALS (1)
Ferranti

ENGINEERING (1)
Staveley Inds.

FOODS (2)
Northern Foods; Nurdin & Peacock

HOTELS (4)
Grand Metropolitan; Kennedy Brookes; Ladbroke; Trusthouse Forte

INDUSTRIALS (17)
Anglo-Am. Asphalt; BOC International; Beecham; Bibby (J.); Crest Nicholson; Erskine House; Esperanza; Evode; Franklin Mint; Macarthy's Pharm.; Renown Inc.; Russell (A.); Scapa Group; Security Serv. A; Smith & Nephew; Spring Grove; Ward (T. W.)

INSURANCE (2)
Equity & Law; Sun Life

LEISURE (1)
Horizon

MOTORS (1)
Kenning Motor

PROPERTY (9)
Beazer (C. H.); City Offices; Greycoat Estates; Kent (M. P.); Lynton; North Brit. Props.; Rosehaugh; Warner Estate; Winston Estates

TEXTILES (1)
Notts. Manufacturing

TRUSTS (6)
Altifund Inc.; Anglo-Int. Div.; Lazard Stlg. Res.; Rosedimond Inc.; Haw Par; M. & G. Hldgs.

OVERSEAS TRADERS (3)
Paterson Zochonis; Do. A N-V; Sime Darby

MINES (2)
Killinghall; SPO Minerals

NEW LOWS (18)

BANKS (1)
Algemene

BEERS (1)
Tomatin

ENGINEERING (3)
Ductile Steels; Garton Eng; Ratcliffe Inds.

INDUSTRIALS (6)
Elson & Robbins; Grimshawe; ICL; MacLellan; Neil & Spencer; Rockware

MOTORS (1)
Woodhead (J.)

MINES (6)
East Rand Prop.; West Rand; Vlakfontein; Coronation; Falcon; Great Eastern

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	68	5	21
Corpns. Dom. and Foreign Bonds	9	—	56
Industrials	298	172	821
Financial and Prop.	186	35	278
Oils	27	15	28
Plantations	2	4	17
Mines	82	22	80
Others	66	24	67
Totals	738	277	1,448

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	55.1	59.2xd	+0.5	2.46
Abbey Capital	44.4	48.0	+0.4	3.10
Abbey General	54.3	58.5xd	+0.8	5.52
Abbey Gilt & F.I. Tst.	106.2	111.8	+0.3	11.72
Abbey Income	32.8	35.5xd	+0.4	9.90
Abbey W'Wide Bd Tst.	91.5	94.8	-0.3	6.92
Abbey Inv. Tst. Fd.	47.8	51.7	+0.9	4.67
Equitas Prog. Tst.	77.6	83.8	+1.0	4.88

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314
AHR Gilt Trust	88.7	93.3	+0.3	12.86

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459

Balanced Funds
Allied 1st	86.1	92.1	+0.9	6.26
Brit. Inds. Fund	74.3	79.5	+0.7	4.72
Growth & Income	48.8	52.2xd	+0.6	5.17
Elect. & Ind. Dev.	42.5	45.5	+0.5	5.49
Allied Capital	94.9	100.6	+0.8	4.37
Hambro Fund	128.3	137.3	+1.6	4.36
Hambro Acc. Fund	176.6	189.8	+1.9	4.41

Income Funds
High Yield Fd.	62.3	66.7	+0.5	9.00
High Income	76.6	82.0	+0.6	7.74
A. H. Eq. Inc.	43.2	46.2xd	+0.4	7.92
Govt. Secs.	25.5	26.2	+0.1	11.95

International Funds
International	32.7	35.0xd	.....	2.24
Japan Fund	[illegible]	[illegible]	-0.1	0.25
Pacific Fund	63.6	68.1	-0.1	1.20

[illegible]

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	33.6	36.6xd	+0.3	12.49
North American	57.5	62.3	-1.0	2.77
Canadian Exempt*	62.6	67.7	+0.7	2.64
Canadian Trust	62.6	67.7	-0.7	2.64
Mid Mount High Inc.*	45.9	48.6	.....	9.93
Recovery	58.9	64.5	-0.1	6.69
Gilt Trust	42.4	44.4xd	+0.1	13.03

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	37.8	40.8	-0.1	0.92
Cres. Internat'l.	73.8	79.7	.....	1.00
Cres. High. Dist.	41.4	44.5	+0.4	10.93
Cres. Reserves	48.1	51.9xd	+0.5	5.54
Cres. Tokyo	31.2	33.6	.....	0.35

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324
Total Perf. Unit Tst.	24.2	25.8	.....	10.27

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485
Disc. Inc. Jan. 23	218.6	233.2	.....	5.67

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893
Great Winchester	16.8	18.6xd	.....	9.03
Gt. Winchester O'seas	25.1	27.9xd	.....	4.01

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-493 3211
Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377
Equity & Law	86.0	90.5	+0.8	4.81

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891
American (z)	31.4	33.6	.....	0.86
Amer. Spec. Sits. (z)	23.6	25.4	-0.2	0.94
Gilt + Fixed Int.	28.3	29.7	+0.1	12.18
Growth + Income	29.8	32.1	+0.2	7.39

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

Welfare Insurance Co. Ltd.♥
Winslade Park, Exeter. 0392-52155
Moneymaker Fd.		119.1	.....	—

For other funds, please refer to The London & Manchester Group.

Windsor Life Assur. Co. Ltd.
Royal Albert Hse., Sheet St., Windsor 68144
Investor Units	96.3	101.3	.....	—
Accum. Pen. Units	143.7	151.3	.....	—
Flex. Inv. Growth	123.9	130.3	.....	—
Future Assd Growth	26.0(a)	54.0(b)	.....	—
Ret. Ass'd Pen.		131.37	.....	—

OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933
Albany $ Fd. (CI)	US$170.52	172.60	.....	1.72

Next dealing February 27.

Alexander Fund
37, rue Notre-Dame, Luxembourg.
Alexander Fund		US$14.25	.....	—

Net asset value Jan. 26

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741
AHR Dollar Inc. Fd.	US$10.21	10.22xd	.....	17.61
AHR Gilt Edg. Fd.	£11.67	11.71	.....	12.82

Alliance International Dollar Reserves
c/o Bank of Bermuda, Hamilton, Bermuda.
Adv.: ACMI, 319 High Holborn WC1. 404 0377
Daily list: Feb. 2 0.000450 (17.8% p.a.).

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077
East Intl. & Energy	135.0	140.0	.....	2.68

Dealing day Thurs.
Gov't Secs. Tst. (CI)	77.6	81.0xd	.....	15.55

Daily Dealings.
Sterling Fd.	121.2	121.3	-0.4	—

Dealing on Wed.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.
Wldinvest Income	US$103.95	104.49	.....	9.09

Prices at Jan. 29. Next sub. day Feb. 4.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels
Renta Fund	US$54.06	55.75	-1.08	6.39

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806
Barb. Int. Fund	95.9	103.2	.....	4.00

Barclays Unicorn International

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
99½	93⅞	Treasury 9¼pc 1981‡‡	99½	+1/16	9.79	12.73
98⅜	91¼	Exch. 8¼pc 1981	98⅜	......	8.39	13.00
98	92¼	Exch. 9½pc 1981	98	......	9.63	12.68
95¼	85½	Exch. 3pc 1981	95¼xd	......	3.15	12.43
99	96½	Treas. Variable '81‡‡	99	......	13.22	14.12
100	95	Exch. 12¾pc 1981‡‡	100	+1/16	12.73	12.38
96	88½	Treas. 8½pc '80-82‡‡	96	......	8.80	12.44
[illegible]	[illegible]	Treasury 3pc '82‡‡	94¼xd	+¼	3.18	8.99

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
103¾	92¼	Treas. 13pc 2000	95	+¼	13.79	13.87
110⅝	94⅛	Treas. 14pc '98-01	103	+¼	13.98	13.97
97½	81⅞	Exch. 12pc '99-02	88¼	+⅛	13.59	13.71
108⅝	91⅞	Treas. 13¾pc 2000-03	99⅝	+¼	13.89	13.91
97	78⅞	Treasury 11½pc '01-04	90	+¼	13.43	13.54
42¾	34⅞	Funding 3½pc '99-04	39⅝	+⅛	8.88	10.50
102	86⅝	Treasury 12½pc '03-05	94¼	+⅛	13.56	13.60
72⅞	59¾	Treasury 8pc '02-06‡‡	68¾	+⅛	12.11	12.42
96½	80¼	Treasury 11¾pc 03-07	88	+⅛	13.42	13.48
92¾	86⅛	Do. 'A'	88⅞	+⅛	13.45	13.58
109	94½	Treas. 13½pc '04-08	103⅛	+¼	13.74	13.74
53¾	42⅞	Treasury 5½pc '08-12‡‡	48¼xd	−⅛	11.28	11.64
70¼	57½	Treasury 7¾pc '12-15‡‡	64	......	12.15	11.64
101½	85⅞	Exch. 12pc '13-17	93⅞	−⅛	13.10	13.11

Undated

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
34⅞	29	Consols 4pc	32⅛	+⅛	12.46	—
33¼	28⅞	War Loan 3½pc‡‡	31½	+⅛	11.33	—
37¾	32¼	Conv. 3½pc '61 Aft.	37½	−⅛	9.65	—
25⅞	21⅝	Treasury 3pc 66 Aft	25	+⅛	12.50	—
22⅞	19½	Consols 2½pc	21	......	12.03	—
22	17⅞	Treasury 2½pc	20⅞	......	12.50	—

INTERNATIONAL BANK

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
88	78	5pc Stock '77-82	88	......	5.68	13.98

CORPORATION LOANS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
97¼	83⅞	Bath 11¼pc 1985	92⅝	+¼	12.16	13.42
99⅞	89½	B'ham 12½pc 1985	97¼	+¼	12.86	13.32
102¼	90	Burnley 13pc 1987	99¼	......	13.40	13.71
95¾	82¼	Cardiff 11pc 1986	93¾	......	12.20	13.50
99¾	93	G.L.C. 12½pc '82	99¼	+⅛	12.59	13.15
98⅞	90¼	Do. 12½pc 1983	98½	+¼	12.69	13.24
93¾	84⅞	Glasgow 9¼pc '80-82	93¾	+⅛	9.86	13.30
77	64½	Herts 6¾pc 1985-87	73¾xd	......	9.16	12.84
90¼	81¼	Liverpool 9¾pc '80-84	90¼	+¼	10.74	13.30
27	24	D. 3½pc Irred.	25½	......	14.14	—
100¾	92¼	Lon. Corp. 13¼pc '83	99¾	......	13.29	13.34
94	79¼	Do. 9¼pc '84-85	88½	......	10.44	12.56
95¾	83½	L.C.C. 5½pc '77-81	95¾	+⅛	5.74	12.89
80½	71	Do. 5½pc '82-84	79¼	......	6.94	13.17
71¼	60½	Do. 5½pc '85-87	69½	......	8.01	12.85
71¼	60¼	Do 6¾pc '88-90	68	......	9.99	12.76
24	21	Do. 3pc '20 Aft.	23xd	......	13.13	—
97½	67¾	Sunderland 12¼pc 1984	96½	......	12.70	13.48

COMMONWEALTH AND AFRICAN LOANS

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
94¾	82¼	Aust. 5½pc '81-82	94¼	......	5.92	13.29
85¼	72½	Do. 6pc 1981-83	85	......	7.15	12.95
67¼	58	N.Z. 7¼pc 1988-92	64¾	......	11.31	13.51
82¾	72	Do. 7½pc '83-86	78¼	......	9.65	13.45
99	88	Sth. Africa 9½pc '79-81	98	......	9.94	15.96
160	95	S. Rhod. 2½pc Non-Ass.	121	......	—	—
50	31	Do. 3½pc 80-85 Asstd.	47	......	7.77	23.60
32	20½	Do. 4½pc 87-92 Asstd.	28xd	......	16.07	22.20
381	270	Zimbabwe Ann (£100pa)	365	......	—	24.81

LOANS

Public Board and Ind.

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
64½	56½	Agric. Mt. 5pc '59-89	63	......	7.99	12.26
84	73½	Alcan 10½pc '89-94	77½#	......	15.12	16.20
30	25	Met. Wtr. 3pc 'B'	28¼xd	......	10.54	12.75
104½	89	U.S.M.C. 9pc 1982	102	......	8.95	—
93½	85½	Do. without Warnts.	93½	......	9.78	14.90

Financial

1980-81 High	Low	Stock	Price £	+ or —	Yield Int.	Red.
101½	93½	FFI 14pc '83	100½	......	13.93	13.76
91½	79½	FFI(UK Fe)5½pcDb. '80-2	91½	......	6.15	12.95
82½	71½	Do. 6¼pcDb. '81-84	81½	......	7.80	13.08
93	80½	Do. 10½pc Uns.Ln. '86	89	......	11.90	13.82
92½	77	Do. 11pc Uns.Ln. '88	88	......	12.62	13.50
96	82	Do. 11¾pc Uns.Ln. '90	89	......	13.34	14.10
101	84½	Do. 12¾pc Un. Ln. 1992	94½	......	13.86	14.38
67	56	Do. 7¼pcADeb. '89-92	61¼	......	12.04	14.30
66½	51½	Do. 7¼pcADeb. '91-94	62	......	12.27	14.05
76½	64½	Do. 9pc 'A' '91-94	72½	......	13.85	14.20
71½	61	Do. 8⅞pcLn. '92-97	65½xd	......	13.34	14.25

FOREIGN BONDS & RAILS

1980-81 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
82	43	Antofagasta Rly.	62½	......	—	—
55	50	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	13.10
58	18	Chinese 4½pc 1898	27	......	—	—
45	17	Do. 5pc 1912	22	......	—	—
24	11	Do. 5pc 1913	16½	......	—	—
24	11	Do. 5pc '25 Boxer	13½	......	—	—
97	88¾	Denmark 13pc 2005	90½	+¼	13	14.62
36	28½	Greek 7pc Ass.	36	......	3½	19.90
35	31	Do. 6pc 28 Stb. Ass.	33	......	3	19.31
34	30	Do 4pc Mixed Ass.	30xd	......	2	16.87
53	51	Hung. '24 Ass	52	......	2¾	5.50
65	50	Iceland 6½pc '83-88	62	......	6½	15.60
89¾	79	Ireland 7½pc '81-83	87½	......	7½	13.98
87¾	71¼	Do. 9¾pc '91-96	79¾	+¼	9¾	13.54
235	185	Japan 4pc '10 Ass	185	......	—	—
79	56	Do. 6pc '83-88	79	......	6	9.86
160	155	Peru Ass. 2007	160	......	5.22	13.29
S94½	S79	Turin 9pc 1991	S79	......	—	11.39
DM92½	DM90	Turin 6½pc 1984	DM90	......	—	9.45
96	96	Uruguay 3½pc	96	......	3½	3.90

AMERICANS

1980-81 High	Low	Stock	Price £	+ or —	Div. Gross	C'vr	Y'ld Gr's
37¾	16⅝	ASA	22½	+⅝	$4.00	—	7.4
34	27½	AMF 5% Conv. '87	27⅝	......	5%	—	018
24⅝	15⅝	Abbott Labs.	23¾	+⅜	$1.20	—	2.1
25¼	16½	Amax $1	17⅞	......	$2.40	—	5.6
21	11½	Amer. Express $0.60	18½	......	$2.00	—	4.5
18⅞	862p	Amer. Medical Intl. $1	17	+⅛	64c	—	1.5
24⅞	13⅜	Asarco Inc.	16⅜	+¼	$1.55	—	3.9
22½	11¾	Baker Intnl. Corp. $1	17½xd	−⅛	40c	—	1.0
13⅝	12¾	Bankers N.Y. $10	13⅝	+⅛	h$1.85	—	5.6
10⅝	650p	Barnes Grp. $6⅔	809p	−2	$1.00	—	5.1

[illegible]

CANADIANS

1980-81 High	Low	Stock	Price £	+ or —	Div. Gross	C'vr	Y'ld Gr's
22⅛	12¼	Hollinger $5	17⅛	......	$2.20	—	4.5
11⅞	812p	Hudson's Bay	900pxd	+10	$1.20	—	4.7
14¼	765p	Hud.B.Oil G. $2½	820p	−15	57.5c	—	2.5
21⅞	11¼	Imperial Oil	12¼	−⅛	$1.40	—	4.0
14	765p	Inco	810p	+25	$US72c	—	3.7
565p	425p	Inl. Nat. Gas $1	490p	−10	$1.00	—	7.2
495p	135p	Massey Ferg.	200p	+5	—	—	—
200p	97p	Place Gas $1	105p	......	—	—	—
14⅞	10½	Rio Algom	12	−1/16	$1.50	—	4.4
21¼	14⅝	Royal Bk.Can. $2	20⅝xd	......	$2.88	—	4.9
27½	15⅞	Seagram Co. C$1	24	......	US$1.40	—	2.4
13⅝	890p	Tor. Dom. Bk. $1	12xd	......	$1.52	—	4.4
10½	750p	Trans Can. Pipe	880p	......	$1.16	—	4.6

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

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O.F.S.

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[illegible]

Central African

[illegible]

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	......	Q2.5c	—	3.6
28	12	ACM 20c	17	+1	—	—	—
*199	46½	Bond Corp.	150	......	Q7.5c	1.9	2.5
156	80	Bougainville I Kina	83	+3	[illegible]	1.0	16.3
*350	221	CRA 50c	236	......	tQ15c	2.1	3.1
25	11½	Canada Northwest	19	......	—	—	—
42	8	Carr Boyd 20c	21	−1	—	—	—

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

1980-81 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	155	+5	—	—	—
97	43	Barymin	43	......	—	—	—
17	12	Burma Mines 10p	15½	......	0.62	1.1	5.8
445	53	Colby Res. Corp.	230	−30	—	—	—
502	210	Cons. Murch. 10c.	210	......	tQ30c	1.8	8.2
180	75	††Hemerdon 10c.	77	......	—	—	—
225	36	Highwood Res.	165	......	—	—	—
585	315	Northgate C$1	315	......	—	—	—
*486	322	R.T.Z.	380	+2	t16.0	3.2	6.0
£115	£94½	[illegible]	£96	+1½	Q9½%	—	f10.2
140	91	††SPO Minerals 10p	140	+3	—	—	—
58	26	Sabina Inds. C$1.	37	......	—	—	—
51	29	††SWCM 10p	34	......	—	—	—
650	411	Tara Exptn. $1	470	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ●● Regional price.
- II No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-82. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —	IRISH	Price	+ or —
Albany Inv. 20p	40	......	Conv. 9% '80/82	£93¾	......
Bertam	12	......	Nat. 9¾% 84/89	£76½	+¼
Bdg'wtr. Est. 50p	545	......	Fin. 13% 97/02	£86¾	+¼
Craig & Rose £1	£11½	......	Alliance Gas	52	+2
Fife Forge	41	......	Arnott	225	......
Finlay Pkg. 5p	28	......	Carroll (P.J.)	81	−1
Graig Ship. £1	£21	+1	Concrete Prods.	90	......
Higsons Brew	70	......	Helton (Hldgs.)	32	......
Holt (Jos) 25p	360	......	Ins. Corp.	395	......
I.O.M. Stm. £1	170	......	Irish Ropes	40	......
Pearce (C. H.)	685	......	Jacob	40	......
Peel Mills	68	......	T.M.G.	23½	−1½
Sheff. Refrshmt	95	......	Unidare	82	......
Sindall (Wm.)	130	......			

OPTIONS

3-month Call Rates

Industrials					
A. Brew	7	I.C.I.	28	Utd. Drapery	6½
BOC Intl.	9	"Imps"	7	Vickers	14
B.S.R.	4½	I.C.L.	9	Woolworths	5
Babcock	11	Inveresk	3	**Property**	
Barclays Bank	40	Ladbroke	26	Brit. Land	8
Beecham	15	Legal & Gen.	20	Cap. Counties	11
Blue Circle	30	Lex Service	9	Land Secs.	35
Boots	20	Lloyds Bank	28	MEPC	20
Bowaters	20	"Lots"	4	Peachey	8
B.A.T.	25	London Brick	6	Samuel Props.	15
Brown (J.)	6½	Lucas Inds.	20	Town & City	2¼
Burton	16	"Mams"	20	**Oils**	
Cadburys	6	Mrks. & Spncr	9	Brit. Petroleum	36
Courtaulds	6	Midland Bank	32	Burmah Oil	19
Debenhams	8	N.E.I.	7	Charterhall	11
Distillers	17	Nat. West. Bank	32	KCA	22
Dunlop	7½	P & O Dfd.	12	Premier	10
Eagle Star	22	Plessey	25	Shell	40
F.N.F.C.	3½	Racal Elect.	32	Tricentrol	34
Gen. Accident	30	R.H.M.	4	Ultramar	48
Gen. Electric	50	Rank Org.	16	**Mines**	
Glaxo	22	Reed Intnl.	18	Charter Cons.	20
Grand Met.	14	Sears	4½	Cons. Gold	45
G.U.S. 'A'	48	Tesco	5½	Lonrho	10
Guardian	32	Thorn	28	Rio T. Zinc	45
G.K.N.	16	Trust Houses	18		
Hawker Sidd	20	Tube Invest.	18		
House of Fraser	15	Unilever	50		
		U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

FINANCIAL TIMES
Thursday February 5 1981

Polish split widens as negotiations break down

By Anthony Robinson, East Europe Correspondent

THE positions of the two sides in the strike-hit southern Polish province of Bielsko Biala appear to have hardened significantly after the breakdown yesterday of negotiations aimed at ending the nine-day-old general stoppage in the area.

Mr. Lech Walesa, leader of the Solidarity union called on workers to stage sit-in protests if the authorities made what he described as "forcible attacks on the union" in the province or if communications with the rest of Poland were cut.

He called on workers to employ only passive resistance in the event of such action and not to make any new demands. He also asked other regional Solidarity branches not to take any major action without his personal approval in order "to avoid provocations."

There have been no published official warnings that the authorities were contemplating using force to end the strike. But a Solidarity official in Warsaw spoke of "provocative and misleading telex messages" having been sent from the province implying that tougher Government action could be on the way.

Polish radio announced last night that a plenary session of the ruling Communist Party will be held next Monday. No agenda was published.

Attempts to defuse the tension in Bielsko Biala, a major industrial area which includes modern, foreign-financed plants like the Fiat 126 car complex, ran into trouble after the Government's refusal to accept the resignation of the provincial Governor and his deputy.

The two men figured prominently in a list of 60 local officials, including a local police commander and a judge, accused of corruption by the local Solidarity branch.

The branch has refused to accept responsibility for damage to the economy. Its members argue that the damage was due to years of corruption and inefficiency which they went on strike to remove.

They also protested against the Government's proposal to cut by half the pay of striking workers and to insist that the lower wage would be paid only if stoppages did not infringe union statutes and production losses were subsequently made up.

Solidarity members have built up a highly-detailed dossier on alleged corruption in the local party. They claim that party officials misappropriated funds to build luxury villas, hotels and weekend retreats, accepted improper payments, allocated scarce flats to friends and relations and indulged in other abuses of power.

Several senior party and Government officials have already been removed and placed under investigation for alleged corruption.

Weather

UK TODAY

WINTRY showers with some sunny intervals in most parts.

London, E. England
Cloudy, becoming showery with sunny periods. Max 5C (41F).

W. England, Wales, Channel Isles
Cloudy, persistent rain later. Max 6C (43F).

N. Ireland, Isle of Man, S.W. Scotland, Lake District
Sunny intervals, rain later. Max. 6C (43F).

Rest of Scotland
Wintry showers, sunny periods, cloudy later. Max. 5C (41F).

Outlook: Mostly mild.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	12	54	Lisbon	C	15	59
Algiers	F	18	64	Locarno	C	6	43
Amsdm.	C	4	39	London	C	6	43
Athens	S	14	57	L. Ang†	F	11	52
Barclna.	C	14	57	Luxmbg	Sn	2	36
Belfast	F	5	41	Luxor	F	22	72
Belgrd.	C	12	54	Madrid	F	14	57
Berlin	C	4	39	Majorca	F	14	57
Biarritz	C	10	50	Malaga	C	17	63
Bmghm	C	5	41	Malta	C	13	55
Blackpl	F	6	43	M'chstr	F	5	41
Bordx	C	9	48	Melbne.	C	23	73
Boulgn	C	5	41	Miami†	F	5	41
Bristol	F	6	43	Milan	C	4	39
Brussels	C	4	39	Mosc'w	C	2	36
Budpst.	R	5	41	Munich	F	5	41
Cairo	S	18	64	Nairobi	S	28	82
Cardiff	S	5	41	Naples	C	11	52
Csblca.	F	16	61	Nwcstl	S	4	39
Cape T.	S	23	73	N York†	C	−11	12
Chicg†	F	−17	1	Nice	F	16	61
Cologne	C	5	41	Oporto	C	12	54
Cophgn.	C	4	39	Oslo	S	0	32
Corfu	C	12	54	Paris	C	7	45
Denver†	F	−9	16	Perth	S	25	77
Dublin	S	5	41	Prague	C	2	36
Dbrvnk.	C	12	54	Reykjvk	C	−4	25
Ednbgh.	S	4	39	Rhodes	R	12	54
Faro	S	16	61	Rome	C	12	54
Florence	R	10	50	Salzbg.	R	5	41
Frankf't	C	4	39	S'cisco†	C	9	48
Funchal	F	17	63	Stckhm.	C	1	34
Geneva	R	5	41	Strasbg.	C	5	41
Gibrltr.	F	15	59	Sydney	F	27	81
Glasg'w	S	4	39	Tangier	C	13	55
G'nsey	S	7	45	Tel Aviv	F	15	59
Helsinki	C	−4	25	Tenerife	F	13	55
H. Kong	C	16	61	Tokyo	S	7	45
Innsbrk	C	3	37	Tunis	S	15	59
Invrnss	C	2	36	Valencia	F	16	61
I. o Man	C	4	39	Venice	Fg	3	37
Jersey	F	7	45	Vienna	C	8	46
Jo'burg	C	25	77	Warsaw	C	3	37
L. Plms	F	16	64	Zurich	R	4	39

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sn—Snow
† Noon GMT temperatures.

Fish key to EEC budget deal

BY JONATHAN CARR IN BONN

HERR JOSEF ERTL, the West German Farm Minister, dropped broad hints here yesterday that the Common Market budget accord with Britain might be damaged if agreement on a common fisheries policy is not reached quickly.

The Minister suggested this indirectly at a Press conference at which he stressed the serious problems arising for the Germans from the EEC's failure to agree on the fish issue.

Herr Ertl said that while he did not wish to over-dramatise, one condition of the budget compromise reached with Britain last May was that there should be a common fisheries policy agreed by the end of the year.

Under the compromise the Community agreed to pay Britain rebates to settle British claims that the UK was paying more than its fair share towards the EEC budget.

The fishing policy was now close on six weeks overdue, Herr Ertl said. He was therefore awaiting final agreement at the meeting with his EEC colleagues next Monday and Tuesday.

Herr Ertl did not threaten directly that if there was no accord he would insist the whole budget issue be dragged into discussion again. However, the blunt way he answered questions indicated his patience was wearing thin.

He is, in any case, coming under strong criticism in parts of the German Press for his failure to produce an accord, the absence of which seems likely to mean widespread bankruptcies in the German fishing sector and a loss of up to 10,000 jobs.

THE European Common Market Commission yesterday began proceedings to bring France, Belgium and West Germany to court for withholding payments to the Community budget. A letter was sent to the three requesting their reasons for declining to pay in full. This necessary first step, laid down by EEC treaties, would be followed by court proceedings if the countries continued their refusal to pay, the Commission said.

Questioned on complaints about his behaviour at recent talks on fish, Herr Ertl agreed that he had used tough words against his Danish colleague, but he felt he had right on his side.

Herr Ertl said he left it to Herr Hans Dietrich Genscher, the Foreign Minister, to formulate an appropriate reply to the letter of complaint about his conduct which had recently arrived from the Danish Foreign Ministry.

Herr Ertl caused surprise by indicating he felt the problem of food surpluses in the Community was less severe than in the past.

A Farm Ministry official said later that Herr Ertl was referring to reduced stocks of butter and milk powder, and to the fact that the world sugar price had risen above EEC rates. This implied that Community stocks could be easily disposed of on the world market, probably without any need for export subsidies from EEC funds.

Asked if he felt the Bonn coalition agreement on changes in the Common Agriculture Policy to remove surpluses was therefore no longer valid, Herr Ertl said the agreement was to be fulfilled insofar as circumstances made this necessary.

He declined to say what he would aim for in the annual round of EEC farm-price discussions now beginning. But he said German farmers had made a major contribution to price stability. They should not be forced to suffer more than other social groups, he said.

The latest agriculture report indicates that farming incomes in Germany fell slightly last year.

Commodities, Page 33

Government plans £1.3bn gas tax

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is planning to cream £1.3bn from the profits of the State-owned British Gas Corporation in the next three years.

The money will be raised as a levy on supplies bought by British Gas from the more mature fields in the North Sea. The move will peg the corporation's operating profits at between £300m and £500m annually.

Without the levy, it is understood that British Gas was expecting cost profits to rise from last year's £466m to about £550m in the present financial year, almost £900m in 1981/82 and well over £1.2bn in 1982/83.

Details of the Government proposals were outlined in the Gas Levy Bill published yesterday.

In the Commons, Mr. David Howell, the Energy Secretary, assured MPs that the levy would not, in itself, affect industrial or domestic gas prices.

The aim was to reap some of the "high windfall profits" that were arising from the Gas Corporation's access to substantial low-priced gas supplies, made available on long-term contracts signed before July 1975. The fields providing this gas fell outside of the Petroleum Revenue Tax net, he said.

Energy Ministers are understood to be uneasy about the advancing level of profits as a result of rising prices. British Gas is receiving an average 22p a therm in revenue and paying an average 8p a therm for supplies. In many instances, gas from fields in the southern sector of the North Sea is being supplied to the Corporation at between 3p and 4p a therm.

Under the levy proposals, the Corporation would have to pay 1p a therm for the specified supplies in 1980-81, 3p a therm in 1981-82, and 5p a therm in 1982-83.

The amounts raised as a result should be £130m in the current financial year, £420m in 1981-82, and £750m in 1982-83.

In certain cases, British Gas could end up paying almost as much in levy as it pays for supplies.

Mr. Ted Rowlands, an Opposition energy spokesman, claimed in the Commons that the measure was a "Dick Turpin stand and deliver" raid on British Gas profits.

The Corporation indicated that it too was unhappy about the proposals.

"We expressed our disappointment when the Government announced its intention to introduce a levy. We have not changed our view but we have nothing further to say," commented British Gas.

It is thought that the Gas Corporation's board—in particular Sir Denis Rooke, the chairman—is unhappy about the impact of the levy on staff morale. Board members have warned Ministers that by emphasising the windfall aspect of profits the Government may diminish the credit which should be given to a successful State enterprise.

British Gas is also concerned that it will lose potential interest income on profits deposited in the National Loans Fund. Some £300m has been deposited so far.

The corporation has just embarked on a £4bn five-year investment programme but Energy Department officials are confident that this work can still be funded with the reduced level of profits and the normal provisions for depreciation.

However, Mr. Howell said yesterday that the corporation's financial target would be changed to take account of the levy. British Gas will be expected to achieve a rate of return on assets of 3.5 per cent annually from April, 1980 to March, 1983 instead of the 9 per cent target set a year ago.

Companies Bill cuts paperwork

BY ANDREW FISHER

LESS accounting information will be required from small companies under the new Companies Bill, which also seeks to widen the powers of official investigators.

But the Government has decided, because of pressures on parliamentary time, not to tackle secret purchases of companies' shares, an omission which disappointed the City.

The Bill, published yesterday, will also implement the Government's proposals to abolish the Registry of Business names. The proposals have already led to considerable opposition from users of the service.

In a few weeks' time, clauses will be added to the Bill allowing companies to purchase their own shares. This would aid smaller businesses, keen to stay independent while retaining capital-raising flexibility, and investment trusts.

The Bill, which implements the Fourth EEC Directive on company accounts, has the following main aims:

- to reduce the amount of information that small and medium-sized companies need to file;
- to amend the law on company and business names, replacing the Registry of Business Names with a self-regulating system;
- to enable Department of Trade inspectors to have wider powers to call witnesses when investigating a company's affairs;
- to extend court powers to disqualify from company management anyone who has committed fraud or misconduct.

"Sheer limits of legislative time," said Mr. Reginald Eyre, Under-Secretary of State for Trade, had prevented the inclusion of clauses to crack down on secret purchases of significant share stakes.

Both the Stock Exchange and the Council for the Securities Industry have come out in favour of stronger laws to deal with such buying, often by overseas companies through a variety of nominee names.

Details, Page 10

TUC and Thatcher in row over jobless

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE simmering row between the Government and the TUC over the rising level of unemployment broke out into the open twice yesterday during a meeting of the National Economic Development Council, which heard a forecast that the number of jobless could rise to 5m by 1990.

The Prime Minister accused Mr. Len Murray, TUC general secretary, of putting forward a "travesty of the truth" in suggesting during a wide-ranging debate on the economy that the Government was using high unemployment to "screw down wages."

Then Mr. Murray formally refused to accept a summing up of the debate from Mrs. Thatcher, the meeting's chairman.

These two brief, but significant, clashes punctured an otherwise calm debate about Britain's economic problems.

No new conclusions were reached, although both sides of industry welcomed a pace-making forecast of Britain's potential industrial winners and losers from the National Economic Development Office.

All those present also deplored the low level of employee consultation and economic understanding, and Mrs. Thatcher told the council to prepare "an agenda" for improvement.

The 5m unemployed forecast was given by Mr. Michael Shanks, chairman of the Consumer Council and a member of a U.S.-based international study group on employment trends. The forecast was produced with the help of the Henley Centre for Forecasting.

Neither the Prime Minister nor any other member of the Government team refuted the figure when it was put forward by Mr. Shanks and later repeated by Mr. Murray during his rebuttal of Mrs. Thatcher's summing-up speech.

Most of the meeting was taken up with low-key discussion on subjects such as inflation, unployment, productivity, profitability, unit costs, investment and competitiveness.

The CBI scarcely criticised the Government's policies, and an expected difference of opinon over whether the recession is easing was not mentioned.

The only common agreement came when Mr. Terence Duffy, engineers' union president, said that workers had no perspective beyond next week's wage packet. The CBI agreed there was a need for more employee consultation, and the TUC said that companies had stopped expanding the information they gave to employees.

The individual challenge, Page 8

Aerospace

Continued from Page 1

that Government support for overseas sales by British Aerospace will continue to be available as before, including cover by the Export Credits Guarantee Department.

Moreover, the share sale "will in no way weaken the support" of the Government for participation by British Aerospace in the European Airbus programme.

Launching aid for new civil aircraft programmes will continue to be available, provided the Government is satisfied the relevant programmes justify such aid.

Giving details of investments in various programmes, the prospectus says that by last December, about £45m had been spent on launching the new A-310 Airbus by British Aerospace.

On the new 146 airliner, BA expects the cost to be between £300m and £350m, of which about 80 per cent will have been incurred by 1984. A total of £105m had been spent on that aircraft by end-December.

Looking ahead, while British Aeroscape believes that the effects on profits of the launching costs of the A-300, A-310 and 146 aircraft will remain considerable for at least the next four years, the sales prospects for civil aircraft are encouraging.

Development of further projects, including new Airbus Industrie projects, will depend on the Board's assessment of their profitability, and the resources available at the time.

Barclays reprieve for Norvic

By Rosemary Burr

NORVIC SECURITIES, the loss-making Norwich shoe manufacturer and retailer, has won a last minute reprieve from Barclays, its bankers.

Norvic said on Monday it would have to call in receivers this week if it was unable to raise £750,000 needed to buy stock for the pre-Easter season. Barclays had refused to increase its £2.9m borrowing facilities the company said.

After pressure from local MPs, Norvic issued a statement yesterday saying that Barclays had reconsidered the position and had "agreed to provide the additional support requested by the company subject to terms to be agreed."

Mr. John Garrett, MP for Norwich South, said: "I am overjoyed with the outcome. It means about 800 jobs, saved which is important in a place like Norwich." Barclay's decision followed a meeting between the bank and Mr. Garrett and his fellow Norwich Labour MP, Mr. David Ennals.

Norvic Securities reported a pre-tax loss of £900,000 in the first half of 1980, against a pre-tax profit of £136,000 for the previous year. Management accounts indicate that the full-year loss had grown to £2.25m after reorganisation costs.

The company estimated that the £750,000 it needed for immediate stocks for the pre-Easter season could be repaid within the present year. But, Mr. Charles Metcalfe, Norvic's chairman, said on Monday, "Our bankers were worried about the future of the UK shoe industry and have said, with regret, they would not make any further advances."

Barclays' reversal of its original decision coincides with the publication of its latest bulletin in which Mr. Roy Vine, a senior general manager, explains how business customers are being helped through the recession.

Mr. Vine points out that "yesterday's healthy, profitable company can be today's problem business and the banker needs answers to some basic questions. . . . In short, is the company's problem temporary rather than terminal?"

"Of course," he concludes, "if the company has insoluble problems-management, product, market or whatever — then there is no point in prolonging its life with further funds."

Continued from Page 1

Centre party

whip at Westminster sooner than planned.

Yesterday, Mr. Tom Ellis, who on Tuesday night was asked to resign by his constituency party in Wrexham, refused to give up his seat but said that if a new party was formed with views nearer his own than those of the Labour Party, it would be logical for him to join it.

At Westminster last night, MPs committed to staying within the Labour Party were decrying the council's list as entirely predictable and overloaded with "golden oldies."

But though the list does include a number of names from the past, it also contains the foundations of a policy think tank—in people like Lord Alan Bullock; Lord Michael Young, the author of the Rise of the Meritocracy and former chairman of the National Consumer Council; and Prof. James Meade, the Nobel Prize winning economist.

It also provides the first public indication of an alliance between the council and the other more militant Right-wing groups, like the Social Democratic Alliance, which have already broken from the Labour Party.

THE LEX COLUMN

British Aerospace comes to market

With money market interest rates easing by another quarter point or so yesterday, taking three-month interbank rate for instance down to 13¾ per cent or so, a cut of a point in Minimum Lending Rate today is almost fully discounted. If it fails to arrive the market will no doubt jump to gloomy conclusions about the January banking figures, now available to the authorities but not to be published until next Tuesday.

Index rose 2.3 to 478.9

British Aerospace

Within the next week or so GEC and Vickers are to file their petition to the European Court in Strasbourg over what they claim were the unjust terms of nationalisation of the British Aircraft Corporation, which they jointly owned. This is a reminder of the controversial origins of British Aerospace, of which BAC forms a major part. The terms of the public floation of British Aerospace on Friday the thirteenth have now been announced, and the prospectus contains an unusual warning in the shape of reminders to investors of the threats by elements within the Labour Party that a future Labour Government may decide to take back denationalised assets without compensation.

It may not be entirely a coincidence that the present Government's previous successful major share sales—the two offer of BP — also was closely connected with assets controversially acquired from the private sector. That issue was constrained by Burmah Oil's legal injunction preventing the Government from disposing of the Bank of England's ex-Burmah holding, so the offered shares had to come from the original Treasury block.

Whereas a variety of nationalised corporations ranging from British Airways to BNOC have proved difficult to bring to the market, BP and British Aerospace have proved more easily digestible by the private sector. In fact the Government is only getting £50m directly from the present offer, although there are benefits in terms of the public sector borrowing requirement from the injection of some £100m of outside investors' capital directly into British Aerospace. Meanwhile the Government retains half of a listed group capitalised at some £300m at the issue price; for comparison, it paid around £160m in compensation, almost entirely to Hawker Siddeley, GEC and Vickers.

Companies Bill

The Government has backed off, for now at least, from providing legislative help to companies trying to track down mysterious accumulations of their shares abroad. The 1981 Companies Bill passes over the problem of "concert parties," and the issue seems to have been shelved indefinitely. It looks as if the trial clauses prepared by the Department of Trade were tortuous even by Parliamentary drafting standards. The imprecision of the concept of acting in concert — which ultimately requires proof of intention — was felt to be inappropriate where a criminal offence of this nature was at issue.

So companies are left with the City's self-regulatory procedures, which have proved increasingly inadequate following the abolition of exchange control. Self-regulation can only work properly within a closed environment; without legislation, the stalking of companies from abroad—like Consolidated Gold Fields, Dunlop or, more recently, Renwick — may well become a commonplace occurrence. The only consolation is that under the present Government company Bills are no longer as rare as coronations and it is conceivable that the omission will be corrected by a third Bill before the next election.

The current Bill interprets the EEC fourth directive as flexibly as possible. It establishes a three-tier system for company disclosure, which excuses small and medium sized companies from the more onerous provisions. For large companies, however, the establishment of these distinctions could mean there is scope for disclosure rules to become more detailed in future. There will no longer be the present inhibition that a change in the rules must apply to all companies, down to the village corner sweetshop.

Siemens

After years of grumbling about the appreciating D-Mark, West German industry is finding the currency's recent slide a mixed blessing. The first quarter figures from Siemens, which show a fall in net income from DM 164m to DM 141m, indicate the group's difficulty in containing higher wage and raw material costs.

Even adjusting for inflation and West German accounting practices, Siemens' earnings growth over the past year looks a little pedestrian compared with GEC or Plessey, which have been battling with the strong pound. This makes some sense of the Siemens share price which, at DM 255, trades on about nine times last year's conservatively stated earnings. The premium rating attached to GEC reflects more than London's liking for electronics.

But although GEC may be performing slightly better than Siemens, the two companies are telling much the same story. Orders and profits from heavy goods are holding up better than the consumer-oriented business, where the recession is taking its toll. The picture is hardly promising for AEG-Telefunken, Germany's other major electrical group, which is still fighting to climb out of the red.

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